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VANPO SUSTAINABILITY: THE IMPACT OF REQUIREMENTS FOR ECONOMIC SUSTAINABILITY ON VISUAL ARTS NON-PROFIT ORGANISATIONS IN JOHANNESBURG

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ABSTRACT

The Civil Society sector in South Africa has been experiencing a funding crisis for the past 20 years. The arts represent a small portion of Civil Society, and the visual arts a small part of the art. This research considers how these visual arts non-profit organisations (VANPOs) in this economic microsphere have been challenged to survive and sustain their missions in what is a competitive, fluctuating and complex environment.

This study scrutinizes the concept of sustainability and the visual arts non-profit sector's capacity for implementation of economically sustainable projects in the current economic and funding environment in South Africa. It outlines the complex and challenging nature of sustainability for VANPOs. The VANPOs, all small organisations, have limited human and cash resources to implement sustainability strategies while fulfilling their missions. Furthermore the funding environment focuses on short-term project grants and production-oriented efforts. This does not offer the organisations much opportunity towards long-term organisational development nor strategic resourcefulness. At the same time they struggle to remain compliant with government regulations and donor requirements.

This research considers methods of assessing sustainability and the perspectives of professionals involved in the management of VANPOs. It examines the challenges they have faced in finding ways to implement sustainability and in the implementation of 'sustainable' projects. The brief case studies focus on how five VANPOs have responded to diminishing funding.

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GLOSSARY OF TERMS

NPO	Non-profit Organisation, also referred to as a Non-Government Organisation (NGO) and more recently as a Non-profit Company (NPC)
Funder	An institution, either supported by the State or a foundation, which distributes funds to NPOs. Also referred to as grantmakers or donors.
VANPO	Visual Arts Non-profit Organisation
PBO	Public Benefit Organisation
Accountability	The capacity of an NPO to fulfil their mission and all legal and contractual requirements in an honest and transparent way.
DAC	Department of Arts and Culture of South Africa
NAC	National Arts Council of South Africa
NLDTF	National Lottery Distribution Trust Fund (National Lottery)
DSD	Department of Social Development
BASA	Business Arts South Africa
CIPC	Companies and Intellectual Property Commission (formally CIPRO)
SARS	South African Revenue Service

CHAPTER 1: INTRODUCTION

Since the nineties financial supporters of South African Non-profit Organisations (NPOs) have increasingly emphasised the need to become more sustainable. The white paper on arts and culture of 1996 emphasised the need for sustainable projects in which the State would 'encourage self-sufficiency, sustainability and viability in the arts and culture.' (DACST, 1996) Since the early 2000's South African arts NPOs have been increasingly challenged to find ways to maintain their missions beyond the support of grantmakers.

The concept of sustainability has proved problematic. The term spans across a mix of environmental, social and economic paradigms. The term has been applied carelessly as jargon, which creates ambiguity in its use by funders and government. While requiring sustainability from NPOs, expectations were unclear and often lacking contextual clarity. It has been left to NPOs, through their managers and directors, to find their own way to professionalise, monetise and sustain themselves, and somehow break the previous dependencies on grants without creating other dependencies. They also need to do this without compromising their constituencies, missions and legacies. Efforts to keep the VANPOs running have been hampered by the gradual but persistent withdrawal of international funding from post-apartheid South Africa and the international financial recession that has been present since 2008. While there seem to be numerous financial supporters for the arts, arts NPOs have complained that funding for the arts has been decreasing.

This report proposes to clarify the definition of the term 'sustainability' in the context of the relationship between Visual Arts NPOs (VANPOs) and their financial partners. It looks at a selection of VANPOs in Gauteng, the wealthiest province in South Africa, and examines the challenges, strategies and impacts they need to sustain themselves.

1.1 THE AIM OF THIS RESEARCH

This research aims to study the impact of demands for sustainability on a selection of VANPOs in Johannesburg over the past decade. The research will examine the way in which VANPOs have responded to these demands.

As such, the study aims to:

- contextualise 'sustainability' within the framework of VANPOs
- identify and examine ways in which VANPOs have tried to improve their sustainability in the past decade;
- identify the key factors that have encouraged or undermined the sustainability of these VANPOs.

The VANPOs considered are the Johannesburg Art Foundation (1971 - 2001), the Bag Factory Artists Studios (1991), Joubert Park Project (2000 - 2014), Artist Proof Studio (1991), and Assemblage (2010). All were started primarily to give opportunities to visual artists who had little or no access to arts education or facilities. They had the common objectives of redressing cultural inequity and promoting the visual arts across all cultures. These organisations were started on the basis of a perceived social need.

All examples have relied in varying degrees on the patronage and support of individuals, international funders and various levels of government (National, Provincial, and Municipal). All have also experienced challenges in maintaining their missions. While two have closed, three have found new ways to generate income outside the grant structures available in South Africa.

1.2 THEORETICAL FRAMEWORK

This report falls into two broader sectors: arts management and non-profit management. The non-profit sector in South Africa falls in the gap between family structures, for-profit business and Government (see section 2.2.1). Their objectives do not include making profits for shareholders or winning the votes of the people. Their vision and mission identify their purpose and give them the flexibility and the responsibility to focus on their mission. VANPOs missions are generally focussed on the creation, education and promotion of the visual arts and visual artists.

VANPOs make up a segment of arts organisations in South Africa and a tiny percentage of all NPOs in the country. There is little reliable national information on South Africa's civil society, but from the 2001 Non-Profit Study it is revealed that approximately half of non-profit organisations were formalised. Of the 98 920 non-profits, approximately 19 784 were in 'culture and recreation'. The 2010 HSRC report on the visual arts sector reveals that only 312 visual arts organisations belong to the non-profit and public sector in South Africa (Hagg, 2010). While these numbers have probably shifted, it does mean that VANPOs make up 26% of just over 1200 visual arts firms, but 0.3% of all non-profits in the country. The report also reveals that the majority of visual arts firms are based in the metropolitan areas of Cape Town and Johannesburg.

As explained in the introduction, the term 'sustainability' in the context of this research needs to be clarified due to its broad usage through a variety of sectors. By the 2000's sustainability was a common requirement in contracts of international grantmakers and state organisations, but the use of the term was inconsistent. In many cases the term has been used without clarification or careful consideration. In order to unravel the intended meaning of sustainability for this research, it helps to look for the origin and meaning of the word in context.

Literally the word sustainability is derived from the Latin sustinere (tenere, to hold; sus, up). Dictionaries provide more than ten meanings for sustain, the predominant definitions being to "maintain", "support", or "endure". Looking up 'sustainability' on Internet search engines will most likely lead the browser to environmental sites. Since the late twentieth century sustainability has become synonymous with the environmental movement and 'sustainable development'. A widely quoted definition of sustainability is that of the Brundtland Commission of the United Nations on March 20, 1987: 'sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.'

Sustainable development is achieved by encouraging a balance of economic (financial), environmental (green), and social (community) elements in such a way that the resources of our planet are not plundered and future generations

will not be compromised by the past carelessness apparent in industrial societies. The environmental movement captured the imagination and the support of the corporate world by encouraging 'social and environmental practices that protect and enhance the human and natural resources needed by future generations to enjoy a quality of life equal to or greater than our own' (US Environmental Protection Agency, 2013).

A popular model for environmental sustainability is that of the *Triple Bottom Line. SustainAbility,* a consultancy specialising in business strategy and sustainable-development (founded in 1987) developed this method to measure a businesses growth on more than just financial statements. They encouraged large companies to measure their progress according to three areas – environmental, social and economic. The triple bottom line as a theory is appropriate for large industrial companies in the private sector, for example those in mining, to monitor the company's impact on eco-systems and the people in the areas where they are carrying out their business.

Sustainable development and the triple-bottom-line are not central considerations for VANPOs, which are small scale, service oriented organisations that have limited resources. 'Sustainability' for these small organisations is largely an economic challenge representing a constant effort to focus on their mission while keeping their staff and overheads paid. This means that the challenge of sustainability for VANPOs is one of NPO management. Although the concepts of environmental sustainability and sustainable development have been considered they are not pertinent to this research.

'Sustainability' in the context of this research emerges in the last third of the twentieth century and the near global transition to economic and social policies based on the neoclassical theories of economics, or 'neoliberalism'. The ideology of the neoliberal is an economic structure that is driven by market forces, where the entrepreneurial private sector has the freedom to take the lead in deciding economic and political priorities. In this model the state takes on a supporting role by employing competitive private sector companies to maintain and develop its structures (Mohr and Fourie, 2004). This means that the state is required to be as efficient as possible and to treat its spending of state funds as 'investment spending' where it should

expect the maximum lifespan and growth from its funds. In the neoliberal model 'sustainability' applies to state bodies and those who consult to them. This includes NPOs who are recipients of state funding.

Sustainability is not merely organisational survival. A non-profit may survive in name without any funds or activity. Like any legal entity in South Africa, the non-profit can survive in a form of organisational limbo or stasis, but in order to sustain a non-profit it needs to keep a momentum in delivering the objectives outlined in the organisation's mission. In the context of this research the terms 'sustainability' and 'survival' are clearly separated. Dr Laura Otten of La Salle University describes this difference well on the website of *The Non Profit Centre* in 2009:

> …survival is easy. We survive if we keep our doors open, though staff has been decimated to one, the number of clients served reduced by 90% and the one remaining staff and several volunteers are burned out to a crisp. But our doors are open! We have lived to see another fiscal year, elect another class of board members. We are a shadow of our former self, we threw an awful lot of people off the island, but we are alive; we did survive! But now what? What comes after survival?
>
> Sustainability, on the other hand, is hard, and nothing comes after it; it is never over and done but, rather, always there. Obviously, we cannot be sustainable if we cannot or do not survive. But sustainability is so much more than survival. It is having the capacity to withstand the down times without losing the essence of what the organisation is and the ability to fulfil its mission. It is having the human resources — from staff to board members to other volunteers — who are flexible and innovative, calculated risk takers and level headed thinkers, who can strategize for the good times while including buffer plans for the bad times, all the while not compromising the mission. It is looking not at the next month or even next 12 months hoping to just get by, but rather looking at the next 36 or 40 months with strategy for evolution. If it is living at the edge, it is living at the edge by conscious choice, a result of that evolutionary strategy, and never by default. Sustainability is knowing that you will be around to weather the next economic crisis because you have developed that strategy already.

Sustainability has been defined as 'the need to build a sustainable organisation that can continue to deliver social value via the pursuit of its social mission' (Weerawardena et al., 2010), or 'the ability of non-profit organisations to fulfil their missions in an effective manner' (De Vita and Fleming, 2001). Others have focussed on 'balancing money and mission'

(Weerawardena et al., 2010). Abrahams defines sustainability in terms of its social impact through membership, a constituency that is represented by the NPO. These broad definitions have merit but lack contextual clarity for the VANPOs in question.

In the book *Arts Management* the management of arts organisations is subdivided into three areas – 'managerial, economic and aesthetic' (Chong, 2002 pp. 13-15). Chong's ideas encompass a broad number of schools of thought including business management, economics, strategic management, and artistic/aesthetic studies. This report looks at managerial practices and economic aspects of the businesses. The quality and nature of the aesthetic is important for the VANPOs missions, but it is assumed that they all deal regularly with the conflicts between cultures, aesthetic quality, and artistic development. In the case of this study it would be too broad to include the aesthetic question. As such the aesthetic requirements of VANPOs will be only considered for this research if they have a considerable impact on the managerial or economic requirements of the organisation.

This research focuses on arts managers and administrators and their efforts to fulfil their organisations mission through strategic economic planning and implementation. It is taken from the perspective of arts management, non-profit management and the professional practice of running VANPOs.

1.3 SIGNIFICANCE OF THIS STUDY

There are non-profit studies in the context of first world countries, including Europe, the USA and Australia, but these studies rarely focus on the arts or economic sustainability. Economic sustainability is a new field of research as explained by Weerawardena et al (2010):

> Few investigate the broad nature of strategies that non-profits employ to achieve sustainability. Lacking is a broad perspective of strategic directions actually taken by NPOs as they strive to remain financially viable and more effectively deliver their services to satisfy a driving social need.

The HSRC report on the Visual Arts in South Africa (Hagg, 2010) helped considerably to clarify the nature, impact and activity of the overall industry, but did not focus specifically on non-profits. The environment of visual arts in South Africa poses unique challenges. Research into the sub-sector of South African VANPOs, particularly on an economic level, is scarce. The current

expectations of VANPO sustainability from financial supporters and the need for VANPOs to sustain their missions make this study both topical and relevant. The author hopes it will find an audience in the academic, government, funding and non-profit arts environments.

CHAPTER 2: LITERATURE

This chapter considers literature pertaining to VANPO sustainability. The areas considered are arts management, non-profit management, sustainability, and all of these in the context of South Africa. The documentary textual analysis of books, journals, reports and policy documents contributes to identifying broad trends in the arts and NPO environments. It searches for documented cases of sustainability and its impact on organisations. I endeavoured to discover resulting successes and failures of organisations to sustain themselves and considered the factors contributing to these results. The literature informed the questions to be asked of stakeholders and during the case studies.

Literature explored regarding arts management and sustainability largely comes from the United Kingdom and the USA. In first world countries organisations have access to numerous private foundations and large state grants, and this is taken into consideration regarding the South African context.

2.1. ARTS MANAGEMENT

Arts management is a relatively young profession and is particularly new in South Africa. For an international context this paper drew on the work of DiMaggio, whose major works have been in the study of institutions and organisations and the formation of "high culture" in the United States. He focused particularly on American arts management in the non-profit context. He provides a critical, well-substantiated history of American arts management, and highlights the crucial role of the Cold War in the development of arts policies.

In *Nonprofit Enterprise in the Arts: Studies in Mission and Constraint* DiMaggio (1986) describes leaders in the arts from the 19th and early 20th century as impresarios, informal managers who were passionate, self-motivated individuals with a tendency towards being autocratic. Their financial support was usually gleaned from a pool of wealthy patrons, and when they required finances they would approach their social networks in order to attain them. He uses PT Barnham or Diaghilev as examples.

With the economic depression of the 1930's, individual patronage in America diminished. In order to preserve their efforts arts organisations approached local government, in many cases for outreach and education programmes. Efforts rarely succeeded as government usually rejected their proposals and the change in their mission from the arts to education was short-lived. The professionalization of the Arts was a slow process as it struggled against the ideals of the artists. *'Indeed the notion of "the arts" as an institutional entity (as opposed to an abstract realm of spirit) was remote from most musicians, actors or curators until well into [the 20th] century'* (Dimaggio 1986:6).

According to DiMaggio (1986), Byrnes (2009), Kreidler (1996), and Chong (2002), the arts were first treated as an industry at the beginning of the twentieth century, but this became more prominent after the Second World War. The Cold War saw capitalist nations stressing the importance of freedom of thought and creativity. With this in mind American Foundations and government began to support the arts and an impressive growth in arts facilities and companies grew. Noted supporters at the time were the Carnegie, Rockefeller, Mellon, and Ford foundations.

The Ford Foundation's vice president for arts, W. McNeil Lowry, has been attributed with conceptualizing and putting into practice the first arts grants. Ford, alongside the American Government, was also seen as instrumental in the setting up of America's National Endowment for the Arts (NEA) and the National Endowment for the Humanities (NEH). Ford was seen as encouraging high-art organisations to adopt non-profit models rather than being owned by individuals. This strategy meant that, in the USA, there was a rapid increase in the number of non-profit arts organisations (Yúdice 1999).

Henry Hansman, a legal scholar and an economist quoted by DiMaggio, argued that non-profit structures enable cultural enterprises to maximise their combination of earned and contributed income. He went so far as to say that had the NPO structure not existed artists would have had to invent it. DiMaggio also puts forward the theory that the lack of distinction between high-culture and mass-entertainment[1] undermined the creative efforts of

DiMaggio argues that high-culture was developed by urban elites who 'forged an institutional model embodied their ideas about high-arts' (DiMaggio 1986:42). High-culture came from the

artists and points out that the NPO's offered artists a platform to practice without the interference of the marketplace. For these and other reasons there was an increase in arts NPOs and this resulted in a change in the approach to arts funding and, as a result, arts management.

Over the period from the 1950's to the 1990's there was a gradual increase in demands for accountability from grantmakers and the state. In order to manage growing arts organisations effectively while employing greater numbers of people, and to account for the funds that they received, arts management became more formal. The impresario has needed to become more business oriented and financially aware in order to keep an organisation running.

In 1969 the University of Wisconsin at Madison started the first Arts Administration degree, which familiarised the growing number of arts managers with management practices. In America the increased funding from the State and Foundations saw a growing need for arts organisations to institutionalise their structures and develop a practice of formal reporting to the funders that supported them. As the arts institutions grew and became more established, the administrators were expected to develop ways in which to make the organisations demonstrably profitable through book shops, restaurants etc. (DiMaggio, 1986).

WJ Byrnes's *Management and the Arts* (2009) is a clear and concise book, which acts as a valuable resource for young arts managers. He notes that, even today, many arts managers, working in a fairly new field with only a few formal training opportunities, are self-taught and learned to manage while on the job. The informal education of arts managers in a sector that is growing in complexity increases the challenges of their positions. Included in the arts managers' skills are entrepreneurial, financial, marketing, legal, political and artistic requirements. In larger arts institutions these skills can be distributed

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'pulpit, the lectern and a collection of artistic efforts'. The assumption emerged that culture and art were non-profit efforts while entertainment and commerce were for-profit despite the fact that many high-art institutions, such as orchestras and theatres, operated on a for-profit model, and often performed popular works, while popular or entertainment culture companies like PT Barnum's often exhibited high-art. DiMaggio acknowledges that there is a diminishing divide between high-culture and popular culture.

among people, but in the case of the small VANPOs discussed in this report, appropriately skilled staff willing to work for relatively small salaries are rare and often the bulk of these tasks fall on one or two people's shoulders.

Arts managers are also required to be multitalented individuals capable of balancing the precarious divide between the rigidity of formal business structures and the flexibility required for artistic creativity, while catering to the needs of artists, audiences and financial supporters. Byrnes explains that working with artists is challenging as they often view structure with suspicion and too much flexibility will conflict with business processes. In order to avoid conflicts he advocates the use of 'organic' management styles that cater to both arenas.

In brief, arts management is a recently formalised career path. It is clear that arts managers, who are often artists themselves, generally learn their skills on the job, overseeing the numerous aspects of their businesses with limited resources. Due to the multifaceted nature of the arts manager's responsibilities, and the numerous and often immediate priorities they face, these managers have limited capacity to plan strategically for the longevity of the organisations they run.

2.2. NON-PROFIT ORGANISATIONS (NPOS) IN SOUTH AFRICA

> The contribution of non-profit organisations to the third-sector of the economy is widely acknowledged; they provide goods and services that are not delivered by the business or public sectors, develop skills, create employment and foster pathways for social inclusion (Weerawardena et al., 2010).

As this report focuses specifically on visual arts non-profits it is important to understand the positions, challenges and motivations of NPOs in the broader socio-economic environment. This section of the report focuses on literature pertaining to the non-profit sector in South Africa.

2.2.1. About Non-profit organisations

Non-profit organisations form part of the broader civil society sector that includes Non-Government Organisations (NGOs), and Community Based Organisations (CBOs). Definitions of Civil Society are contested but can be broadly seen as taking up the space between the state, the market and the family (Charities Aid Foundation Southern Africa, 2012). Civil Society

organisations include charities, churches, research organisations, education organisations, health organisations and arts organisations. A common factor amongst these entities is that their primary objective for existing is stated in their founding documents as missions or visions, focusing on good work[2] and not focussed on making money.

There are four non-profit structures commonly used in South Africa: the voluntary association, the communal property association, the non-profit trust and the Non Profit Company (NPC, until recently referred to as a section 21 company). The non-profit trust and the NPC are required to formally register with state authorities and are required to submit annual compliance reports to the revenue service and the Department of Social Development.

The non-profit structures offer two key opportunities. The first is the general acceptance that non-profits can apply to the state, funders, and companies to offer financial or in-kind[3] support for their good work. The second is that they are able to register as public benefit organisations (PBOs) in order to be tax-exempt. NPOs are allowed, and even encouraged, to generate surplus to help sustain their mission. The profits cannot be given as dividends or payouts to private individuals such as shareholders, directors or other stakeholders, but they can be recycled back into the organisation.

Weerawardena et al (2010) divide non-profits into two categories: the first being *commercial NPOs* that earn the majority of their income from revenue through operations and the second being *donative NPOs* which rely primarily on grants and other outside sources of funding. As the demands for sustainability are, in part, an attempt to encourage non-profit organisations to operate more like businesses or commercial NPOs, and less like charities, sustainability is a concern that impacts more acutely on the donative NPOs because of their relationships with their funders.

2.2.2. NPO relationships with funders

> 'Grantees will say and do anything to keep a grant. Foundations actually believe them (or act like they do) because they want to believe them and need to believe

[2] 'Good work' is a vague term, and dependent on perspective, but is generally accepted as socially responsible efforts aimed at working towards the common good of a community.

[3] 'In kind' support includes the donation of services and facilities without a set financial value.

> them. There is actually a strange kind of symbiotic relationship between grantmakers and their grantees. They both need each other for different reasons. And sometimes they will dance together so that neither looks bad' (Rossouw, 2010).

In the above quote Rossouw, who is regarded as one of South Africa's leading experts in the areas of social investment, socio economic development, corporate responsibility, sustainability and sustainability reporting, has expressed one of the many concerns in the relationships between funders and NPOs. This section looks at literature pertaining to this relationship.

Ideally the relationship between NPOs and Funders should be symbiotic, where the funders employ the NPOs to facilitate or implement their objectives and the NPOs get the resources from the funders in support of their mission. The relationship is a balancing act where Funders' need their initiatives to be implemented but want to avoid creating dependency in the NPO, and the NPOs need the funder's support in order to fulfil and sustain their missions.

The donor-NPO relationship holds both economic and moral challenges. The vague client-contractor nature of grants means the relationships between NPOs and funders are rarely balanced as the funders hold the purse strings and therefore have the greater power in the relationship and the ability to influence NPO activities. This means funding agencies have the power to manipulate non-profits to fulfil objectives that are not relevant to NPOs missions.

Many funders are 'wary of becoming life-support systems for undercapitalized institutions' (De Vita and Fleming, 2001). This is because a core threat to the sustainability of a NPO is *donor-dependency*, a situation where an organisation relies solely on the goodwill and grants of one or two core donors (Holloway, 2001). Donor dependency puts NPOs into a dangerous position. Firstly, the NPO's ability to continue operating will be compromised when their primary donor withdraws their support. Secondly, the power imbalance created by a desperate NPO means that the NPO might not only compromise its own mission but the donor's objectives for money.

Many NPOs have developed relationships with local and international donors who represent a vital part of the VANPO working environment. In *Towards Financial Self Reliance*, Holloway (2001: 8–10) outlines an existing pattern for relationships between NPOs in the developing world (the South) and their funders. His analysis reveals that NPOs in the South receive only minimal incomes from domestic funders. This results in a dependence on large short-term international grants.

Holloway describes a typical pattern of donor-dependency. Generally NPOs relying on time-limited, often short-term, fixed budget grants where the use of the funds are specific and for clearly defined projects. In this context, each time an NPO completes a grant it starts once again at a zero balance, desperate for another grant (Holloway, 2001).

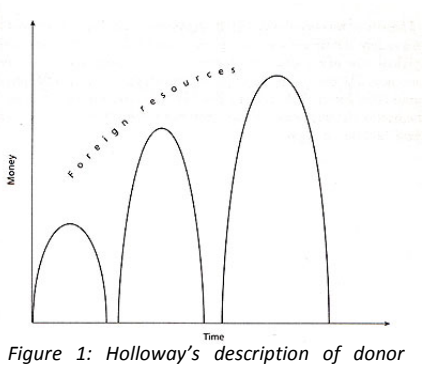


Figure 1: Holloway's description of donor dependency: the organisation receives a single grant, completes it and strives for a new single grant. The grants may grow, but after each one the organisation needs to start over.

In the lulls between grants the NPO falls into crisis management. This is a situation in which the organisation responds to each crisis as it arrives, giving the organisation less time to plan for sustainability (Byrnes, 2009). The lulls in funding are most often attributed to poor structure within the organisation, bad management and a lack of strategic planning. Holloway tends to focus on dependency on first world foundations, but dependency on any core supporters, whether they be government, a single patron or a corporate programme, is dangerous for the organisation's sustainability.

As explained above, NPOs focus on their mission and not a profit motive. Money is important though, as NPOs need funds to support their efforts. This is why NPOs negotiate with grantmakers to support their mission, but each grantmaker has their own priorities and these may impact on the NPOs mission. The level of bureaucratic demands vary between grantmakers, but the greater the demands the more the NPO may be distracted from their mission.

An example of conflicting priorities is found in *Capturing Cultural Value* where Holden (2004) argues against increasingly prescriptive requirements from UK based arts funders including Arts Council England and the Department for Culture, Media and Sport. He explains that evidence-based, target-driven decision making resulted in funders inadvertently compromising the missions of NPOs. The NPOs would apply the funders' contract and the results were measured against the funders' targets as evidence to demonstrate their compliance with the funders' wishes.

According to Holden the demands for specific administrative outcomes and social impacts from the funders resulted in arts organisations losing their focus on original art creation, redirecting their resources to playing the game. NPOs attempted to create projects to fulfil funders' requirements and fell into less innovative and more bureaucratic practices. Holden continues to argue that leaning towards bureaucratic demands encourages high potential to create boundaries and conflicts between the artists and the managers, and the managers risk stifling artistic creativity, potentially undermining the creative mission of their organisation.

The factors outlined in Holden's argument indicate the delicate balance between funders and the NPOs had shifted to the hands of the funders. If the NPOs were willing to compromise their creative mandates in order to receive grants imbued with the evidence-based, target-driven output demands of the grantmakers it implies an imbalanced power relationship that is less symbiotic and more one directional. The moral dilemma facing NPOs is whether they are undermining their mission and whether the grants are worth the demands of the grantmaker. Holden encourages the funders to give more power to NPOs but it also seems that the NPOs have given away their power in order to fulfil their economic needs. In brief, this situation indicates that NPOs need money to fulfil their missions, but they need to consider what they are willing sacrifice in order to get the money, and they should also consider alternatives to overly prescriptive grantmakers.

Having the financial power in the hands of the funders leads to another problem. Gregory and Howard (2009) describe a cycle where funders have an unrealistic expectation of what it costs to run non-profits. According to their report for-profit organisations commonly have overhead fees at 25% or

above, while funders regularly require the NPOs run with overheads of 15% or less. As the NPOs feel the need to comply with funders' requirements they budget their overheads at a lower rate than they can afford. This not only means the non-profit's infrastructure and staffing suffer from insufficient funds, but in the NPOs' reports to funders they give disproportionate perspective of what overheads are required for projects, and as such the funders feel the low overhead fee is justified. This results in what Gregory and Howard call the *Non-profit Starvation Cycle*.

2.2.3. The relationship between VANPOs and Grantmakers in South Africa

In the context of this research, the relationship between Gauteng based VANPOs and the grantmakers they can approach is fundamental to the question of sustainability. This section considers the recent history of funding in South Africa while examining some key challenges within the sector.

In *Critical Perspectives on Sustainability of the South African Civil Society Sector* (CAF, 2012) the third chapter outlines the recent history of non-profits in South Africa. During the last two decades of the 20th Century international grantmakers channelled large sums of funding to South African NPOs to facilitate their humanitarian efforts. The majority of civil society organisations in South Africa were created to combat the negative impacts of Apartheid. They largely had informal origins, where their mission or cause was their sole objective and the profitability, professionalization and marketability of their services was not a major concern.

According to the report international funders 'deliberately required little follow up to avoid exposing anti-apartheid activities. When South Africa emerged into its new democracy this 'informal' legacy continued. After the struggle years prosperous NPOs were often able to overlook reporting and accountability' (CAF 2012, p11). Kihato (2001) confirms this, explaining that international donor's permissive attitude towards recipient organisations was usually based on humanitarian grounds, and few donors were concerned with efficiency or impact. This permissiveness changed during the 1990's and early 2000's.

In *Shifting Sands* Kihato (2001), senior researcher for Centre of Political Studies at the time, offered a clear breakdown of the donor – non-profit

relationship during and after apartheid, identifying three key acts the government put in place to prevent financial support for anti-apartheid funding. These were the Prohibition of Political Interference Act (Act 51 of 1968), which in 1985 was amended to become the Prohibition of Foreign Financing of Political Parties Act, the Affected Organisations Act (Act 31 of 1974); the Disclosure of Foreign Funding Act (Act 26 of 1989); and the Fundraising Act (Act 107 of 1978). These acts gave government comprehensive power over the legal flow of funding and fundraising during apartheid. These legal structures gave Civil Society Organisations little choice but to operate informally to remain under the radar of the State, which had been declared an affront to humanity by the United Nations.

In the long term these informal beginnings would create challenges for the NPOs who strove to sustain themselves after apartheid. According to Abrahams (2004) NPOs that focused on their cause rarely provided more than an annual operating budget with this budget being developed in isolation and not part of a long term strategic plan. Rather than advance planning, such organisations often tend to react to changing circumstances and events. Thus their systems had developed as responses not as initiatives and the nature of financial management was reactive rather than proactive. From the informal and often precarious situation of South Africa's apartheid NPOs it can be deduced that strategic planning took a low priority, which was not conducive to economic longevity.

After 1994 the bulk of international support was given directly to government to redistribute to the necessary areas, including NPOs (Kihato, 2001). Between 1992 and 1994 international funding was cut back, by as much as 30%, and as many as 400 NPOs collapsed as they had been dependent on the funds (Charities Aid Foundation Southern Africa 2012). Many CSOs closed around 1994, and a new style of donor relations began. Donors generally supported organisations that can demonstrate that they are able to build partnership models with the government. NPOs based in cities with easier access to facilities, skills and funders were more likely to get grants.

The requirements for NPO sustainability rapidly became a matter of urgency as the international financial crisis of 2008 caused international funding to South Africa to decrease rapidly. Major international foundations saw their

endowments depleted by the negative market, and the recession created urgent needs in first world countries and other developing countries. With the continued withdrawal of international grants it makes sense that arts organisations turned to the South African government, which on paper looks like a safe option. The various State agencies in local, provincial and national government put aside considerable resources for the arts. These resources have unfortunately proved unstable and unreliable, with issues including delays and failures to disburse funds on the part of the funders. Furthermore, state funding generally focused on short-term project grants, most often during a single financial year, with strict financial monitoring, offering the organisations little opportunity for long-term organisational development.

In their report on Sustainability for CSOs in South Africa the Coalition on Civil Society Resource Mobilisation (Charities Aid Foundation Southern Africa, 2012[4]) find that the 'enabling environment' that was supposed to be provided for NPOs in South Africa was dysfunctional. The Companies and Intellectual Property Registration Office (CIPRO, but now restructured into CIPC), the Department of Social Development (DSD) and the National Development Agency (NDA) struggled to implement their responsibilities or disburse funding. The backlogs and delays in company registration and compliance caused by a general lack of skills in the sector hampered NPO efforts to comply with state demands and undermined their fundraising efforts which depended upon their compliance.

According to the 2010 HSRC report (Hagg, 2010) on the visual arts sector almost a fifth of visual arts funding came from international funders during 2008 and 2009. International Funders comprise a mix of charitable foundations, international governmental bodies such as embassies, and international bodies such as the United Nations. Charitable foundations such as the Ford Foundation, the W.K. Kellogg Foundation, the Mott Foundation, and the Rockefeller Foundation set their own priorities based on the perceived need for a situation. Embassies are most likely to support the arts when their country or countrypeople are involved, but often have external

[4] The Charities Aid Foundation Southern Africa is a nonprofit organisation set up to 'increase and enhance giving and social investment, and to stimulate the corporate sector to embrace developmental values and to support social entrepreneurs.' (https://www.cafonline.org)

bodies that support artists in other ways such as the Goethe Institut or the French Institute.

The international sources of arts funding in South Africa have consistently diminished as the global recession of 2008 took its toll. It can also be surmised that South Africa, now a democracy for twenty years, is no longer perceived as a priority as the funding is drawn to post-conflict reconstruction in North Africa. It is unsurprising that the NPOs turned to government for support as international funding diminished.

The politics of government funding are highly complex, particularly when bonded with South Africa's recent history and challenges. It is an interdependent relationship where the State relies on NPOs to facilitate their service delivery, and NPOs request funding in support of their efforts. The state is concerned by the NPO's impact and accountability and, as a result, expected to require rigorous compliance by the NPOs. Apart from the compliance issues, State oriented funding has been hampered by slow delivery and conflicting agendas.

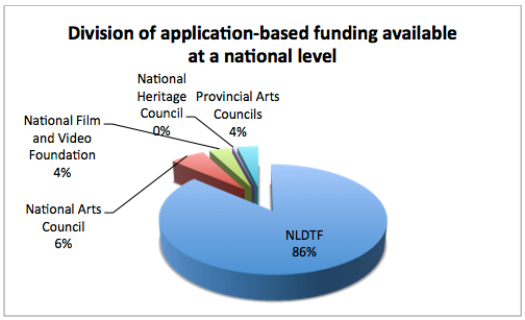
In the past decade the focus of the South African State has shifted from redressing the inequalities of Apartheid to the more urgent and immediate concerns of poverty alleviation through job-creation for a large population of unemployed youth. This is evident in the proposed changes to the White Paper on Arts and Culture (Department of Arts & Culture, 2013), where emphasis is placed on the arts creating employment. Expecting arts organisations to create jobs is a dubious proposition as artists often struggle to employ themselves and take on second jobs in order to support their creative careers.

Since the '90s the debate of Art versus Craft has continued, in which the White paper and local funding have kept the two separate. In the proposed revisions to the white paper (2013) the role of the visual arts has been subdued in order to make more space for the industrial and mass-market processes of craft, which receives extensive mention. The shift in focus could impact on all local arts funding agencies and their objectives, and be detrimental to VANPOs.

A superficial glance at arts funding available to VANPOs in Gauteng gives the impression that the organisations have numerous opportunities to apply for funding. The following grantmakers and funding agencies are available to be approached by VANPOs in Gauteng:

- A number of international grantmakers including embassies and cultural institutes
- The Department of Arts and Culture (DAC)
- The National Arts Council of South Africa (NAC)
- The Gauteng Department of Sports, Arts, Culture and Recreation (GPG)
- The City of Johannesburg (Joburg)
- The National Lottery Distribution Trust Fund (NLDTF)
- The National Heritage Council (NHC), in the case of heritage based projects
- Business Arts South Africa (BASA)
- The Arts & Culture Trust (ACT)
- Some corporate social investment opportunities
- Until 2008, the MAPPP Seta which focused on creative education

This list shows that VANPOs in South Africa are privileged to have a broad selection of grantmakers who can be approached, considerably more than most African countries, some of which have no local state based support at all. However this does not mean that funding is easy to access.



The NLDTF, which presently falls under the banner of the Department of Trade and Industry (DTI) is by far the largest local funding resource for arts NPOs as indicated in the graph to the right (Arterial Network 2013). Outlined in a research report on the NLDTF the Funding Practice Alliance (2011) outlines the poor performance of the Lottery, which since its initiation in 2000 has experienced continuing difficulties in disbursing their funds. Due to internal management issues and inefficiency they have developed a reputation for slow assessments, with delays responding to proposals and reports from NPOs – sometimes by years. There have also been a number of

questionable decisions made regarding the distribution of funding to projects that have limited histories, no clear plans for sustainability, and apparent conflicts of interest.

In 2012 non-profit workers from all sectors went on strike outside the NLDTF offices in Pretoria demanding transparent and fair distribution of their funds, and that the public protector audit them again. Many in the arts have criticised the NLDTF:

> The [National Lottery] is notorious for its opacity, unhelpfulness, lack of accountability, and unreliability. For instance, funding for this year's National Arts Festival only came through at the eleventh hour, causing considerable distress; major institutions … have been ignored; and smaller, more vulnerable companies have been brought to the point of collapse.
> (Meersman, 2013)

There is evidence that the NLDTF is making efforts to be more effective (Charities Aid Foundation Southern Africa, 2012), but the impact of delayed funds on recipients has already taken its toll on their sustainability, resulting in some NPOs retrenching staff or even closing. From this historical record it is clear the NLDTF's poor delivery has done more to undermine the sustainability of arts organisations than help sustain them.

The National Arts Council has also faced challenges. In 2003 the NAC underwent a gruelling two-year trial between its staff and its board, finally resulting in the minister of Arts and Culture, Pallo Jordan, suspending the board and taking the NAC under the ministry's control. Since then the NAC has improved its delivery to the arts but complain that the allocated funds do not come close to the national demand. In 2013, at a meeting in Johannesburg, the Arterial Network proposed to the arts community that the majority of the considerable funding in the hands of the NLDTF be put under NAC control, so that a well-established structure could manage the distribution. With the recently revised White Paper on Arts & Culture of 2013 the NAC's future seems uncertain as it may be dissolved to become part of a merged arts and culture funding agency for the whole of South Africa. Uncertainties in state agencies offer greater insecurity for the NPOs who rely on them.

The Media, Advertising, Publishing, Printing and Packaging Seta (MAPPP

Seta) was set up to distribute skills development levies within its mandated sector. The Seta made complex compliance demands on those who were recipients of their funding, focusing on monitoring and evaluation. The MAPPP Seta was closed in 2010, but was inactive from 2008 as a result of alleged internal corruption. The impact of this was particularly felt by the Artist Proof Studios and influenced a concerted shift in the organisation's sustainability strategy (See Case Study 2 for more information).

Business Arts South Africa acts as a conduit between business and NPOs, and while being a constructive source of information for NPOs and artists, it can only offer limited financial support. BASA offers supporting grants for arts NPOs that have managed to get sponsorship from private corporations. The organisations annual reports show it has distributed roughly R4 million a year to the arts, but has recently stepped back as a funder and instead provides services to non-profits in the form of management and strategic support.

Support for the arts by private companies is also often limited to specific projects, for example, in 1994 Nedcor Bank and Sun International approached the Ministry of Arts, Culture, Science and Technology to set up the Arts & Culture Trust of the President (ACT). Each partner contributed a million Rand to the trust. The trust was later joined by the Netherlands embassy and Vodacom. The trust's budget for South Africa varies between half a million and 1,5 million Rand a year, making it a small player in the arts scene (ACT annual reports 2008 to 2010).

Corporate support in the sector includes ABSA bank, SASOL, Standard Bank, Rand Merchant Bank, MTN and Anglo Gold Ashanti. Standard Bank holds arts competitions, has a gallery in Johannesburg, supports the National Arts Festival in Grahamstown, and the Joy of Jazz Festival in Johannesburg. First National Bank supports the FNB Johannesburg Art Fair.

Corporate support for the arts is regularly made in the form of sponsorship rather than funding. The difference between sponsorship and the standard developmental funding is found in the demands made on the NPOs. The standard funding model focuses on projects and the impact of those projects, while sponsorship focuses on the corporation's brand and its promotion. This subtle but important difference can change the nature of projects.

While there are many resources available to Arts organisations, practitioners in the arts industry remain frustrated. For example at the 2008 International Conference on African Culture And Development, Professor David Bunn[5] stated his concerns relating to Arts & Culture funds:

> With few exceptions, they [arts funders in South Africa] have all run up against the same problems that have bedevilled redress throughout the country: the inability to spend money and monitor compliance, because of the significant absence of trained middle management personnel. So it seems that arts funding generally in South Africa now is experiencing the contradictions of the state as a whole, as it moves away from the rhetoric of the Rainbow towards confronting the reality of training and infrastructure. As a consequence, it is unlikely that the funding situation will improve without a sustained, national campaign to train and equip arts managers.

In the Art Times (March 2010) Mike van Graan[6] wrote:

> …the state of the arts is not to be found in the amount of funding available for the arts. For, quite frankly, whatever our general whining about the lack of funding, there has never been so much funding for the arts. The Department of Arts and Culture's budget this year is in excess of R2 billion, more than 12 times what it was in 1994. The Lottery raises more than R250 million per year in funds for the sector. Certainly, with better vision, with greater political will, with increased levels of competence and strategic management capacity, the arts sector can do much better than it is now with the available funding. But neither can the health of the arts be diagnosed through the amount of art being produced. If this were the case, then we would only need to look at the numerous festivals, exhibitions, book launches, art fairs, etc to conclude that our arts are in rude health. Artists have learned to produce and survive, not because of, but in spite of government and official arts bodies.'

Up until the time of this report both Bunn and van Graan's comments are

[5] David Bunn is a cultural theorist who works on contemporary South African culture, and in interdisciplinary landscape studies, visual theory, and anthropology, having published widely in all these areas. In the past he has been the recipient of major research awards, including a Fulbright Scholarship and Rockefeller and Andrew Mellon Foundation awards. He was a visiting professor at Northwestern University and the University of Chicago. He recently completed his term as head of the Wits School of Arts, and was the academic director of the University of Chicago study-abroad program in South Africa. In 1987 he co-edited *From South Africa* (University of Chicago Press) with Jane Taylor.

[6] Award winning playwrite Mike van Graan has held a number of important positions in the South African arts sector, including being special adviser to the minister of Arts, Culture, Science and Technology in 1994. At the time of this report he is the Executive Director of the African Arts Institute and is the former Secretary General of the Arterial Network.

supported in the Mail and Guardian in 2013:

> Funding of the arts in South Africa is in a thoroughly rotten state. Allegations of outright corruption are seldom made or legally pursued. One may however safely make the observation that much funding in the arts is venal, dodgy, unethical, questionable, given to the unqualified and undeserving, riddled with nepotism, awash with shady practices, and that all of this carries on mostly unremarked upon.
>
> Arts and culture is one of the most easily accessible government coffers for patronage and wholesale looting. Were the arts to be given the full credit they deserve for contributing to our well-being as a society, and were our cultural institutions appreciated for the way they enrich our lives, there would and ought to be riots in the streets by now.
> (Meersman, 2013)

2.2.4. Income generating efforts

VANPOs in South Africa can generate income from a variety of constituencies and stakeholders. They can receive contributions from the general public, the state, local and international grantmakers, Corporate Social Investment, and 'in-kind' support in the form of donations and volunteers. They can also set up their own income generating projects to contribute towards their mission.

Income generating efforts are hampered by the small support for the visual arts from the general public. From the statistics in the HSRC and BASA reports, all visual arts institutions – for-profit, non-profit and state based – experience poor interest and attendance by the general public in South Africa. According to the HSRC report (2010) it is estimated that only 2% of the South African population attend publicly accessible visual arts events. The diminishing level of arts education in public schools may also result in even smaller audiences for the arts.

Grantmakers and sponsors often gauge the success of arts events on public support. Income generating projects such as auctions and ticket sales rely heavily on the already small segment of the public attending arts events. The small audience needs to be urgently addressed if the VANPOs are to sustain themselves in the long term.

2.2.5. Managing VANPOs in South Africa

The majority of VANPOs in South Africa are small to medium sized organisations that have between 1 and 10 employees. Staffing comprises the greatest expense for these organisations. As there are limited opportunities for formal training in Arts management the majority of professionals working in arts management are likely to have learned on the job. It is also likely that many arts managers are artists and with no previous management experience. These limitations are exacerbated by insufficient staffing and a need to focus on the VANPOs mission, which means managers have to satisfy multiple roles.

State institutions (CIPC, SARS, DSD) and funding agencies (NAC, NLDTF) have continued to increase administrative and compliance demands in addition to the already broad requirements of VANPO managers. To add to the manager's duties there have been the increasing requirements for compliance, examples of which can be found in the case studies.

In her doctoral thesis *Agency Imagination and resilience: Facilitating Social Change through the Arts in South Africa*, Kim Berman (2009) outlines some additional challenges faced by the management of three South African organisations. These challenges included a number of concerns worth considering including interpersonal agendas, ideological disagreements, and racial tensions that created conflict and resentments in the organisations' various teams.

Apart from providing a rich background to the organisations Berman is critical of government's indicators of success that she outlines as creating employment and skills, and organisational efficiency and profitability. She believes that self-reliance, agency and resilience should replace these categories. She also stresses the need for the organisations to be relevant and to have the courage to actively engage in social and political concerns.

2.2.6. Elements of Sustainability – literature towards a methodology

I felt it would be a useful strategy, given the limited scope of this Masters research report and the information available to me, that I refine a method of analysis. I identified consistent criteria that influence organisational economic

sustainability from a variety of sources – Holloway (2001), Chong (2002), Byrnes (2009), Frey (1995), Eikenberry and Kluver (2004) – five main economic sustainability elements were identified. With reference to the fashion in business for acronyms I have arranged the five elements so they all start with the letter R:

i. Reliability
ii. Reputation
iii. Relevance
iv. Resourcefulness
v. Reserves

i. Reliability – Compliance, Good structure and planning, organisational leadership and management

a. Compliance - the non-profit sector in South Africa has a generally poor reputation for accountability (Jankelowitz 2007). Funders such as the National Lottery and the National Arts Council have complained that there is a lack of effective or ethical management in the NPO sector, often citing incompetence, ignorance or fraudulent activities as their reason for struggling to disburse funds effectively. One way in which funders, particularly government in South Africa, assesses organisational accountability is by assessing the organisations' compliance with regulations relating to the Company and Intellectual Property Commission (CIPC), the Department of Social Development (DSD) or the South African Revenue Service (SARS).

An NPO without up to date and valid registrations of their company documents from these bodies will struggle to get funding. Maintaining a position of compliance is time consuming and has been hampered by historical difficulties. In addition NPOs were also challenged due to a lack of capacity within CIPC's predecessor CIPRO in 2010, and then the DSD in 2013. Even when considering these challenges, NPOs need to remain vigilant with their communications regarding registration and compliance matters.

b. Structure and Planning - Making sure that the organisation's mission, constitution and strategic plans are in place should be seen as the first step towards preventing ethical dilemmas and limiting dependencies. These structures should be set up in a way in which they are flexible enough to

adapt to changes in the overall environment without losing the basic intentions of the organisation. Effective strategic planning by senior stakeholders within an organisation can help to avoid financial instability, improve the organisations visibility, and give management the clear criteria and benchmarks to manage the organisation effectively (Kaiser and Engeler, 1995, p. 5).

c. Leadership and Management - The leadership of NPOs comprises the board that, in order to comply with the amended companies act of 2010, includes a minimum of three committed directors, including the Chief Executive. A diverse board with a balance of appropriate professional skills can enhance the organisation's ability to function effectively and give the executive the support and direction to make the organisation flourish. Conversely a board that is apathetic or under-skilled can be very detrimental to the organisation's successful management.

Holloway, Kaiser & Engler (1995) and Lawrie (2001) emphasise the importance of effective strategic organisational planning to assist organisational sustainability. 'A direct result of this lack of strategic focus has been a rapid erosion in the financial bases of many arts organisations' (Kaiser& Engler, 1995 pp. 7). Strategic planning also would include developing ways for the organisation to avoid financial crisis.

Organisational sustainability relies on the skills and discipline of the organisation's executive leadership. Many arts organisations have started with a single person who is more often than not an artist or arts lover and these managers rarely have suitable experience in management or administration (Chong, 2002). The limited number of qualified or experienced arts managers in South Africa has exacerbated this problem. Arts NPOs require multi-skilled managers to understand and successfully operate in numerous social and business environments. Without skilled and devoted leaders and effective staff, NPOs will struggle to sustain themselves.

ii. Reputation - The importance of Social Capital

> Social capital has been described as the resources available to people based on the networks their relationships give them access to. Just as a skilled plumber knows how the water is piped throughout the house, a skilled non-profit or community leader knows how social-capital flows through their networks or

> community… Relationships that are high in trust, reciprocity, and durability tend to produce strong ties. Strong ties are often associated with bonding social capital and tend to be formed with those with whom we have much in common (Fieldstone Alliance, 2012).

Reputation and image are important strategic resources for NPOs, as 'a positive reputation allows credibility and confidence to be built by non-profit organisations, enabling the organisations to gain long-term sustainability in the sector even in times when unfortunate incidents have occurred' (Kong & Farrel, 2010).

Reputation is an intangible asset based on collective subjective assessments of trustworthiness and reliability. The good reputation and image of an organisation are vital to encourage new and on going relationships between the NPOs and potential supporters, including funders, volunteers and patrons. Maintaining a positive reputation not only encourages support to the NPOs, but also offers the impression that the NPO is sustaining itself. In the arts, social capital is a key source of sustainability. Public support, even in the form of audience attendance, can boost the organisation's perceived significance, and goodwill from the public can facilitate the organisation's appeals for funding and sponsorship from financial partners. Support from key individuals, whether they are patrons or representatives of grantmakers, can keep institutions alive.

Given the organic nature of reputation and social capital, it is often difficult to assign a specific value to each organisation. This research focuses on the response of the organisations and thus relies on their internal assessments of their reputation. It also considered the diversity of funding in terms of grants and in-kind support.

iii. Relevance - Pertinent projects and flexibility

An NPOs mission is its compass, helping it navigate through a constantly changing environment without losing focus on its reason for coming into being. In their search for financial support, NPOs often lose sight of their mission to the detriment of the organisation's credibility (Holloway, 2001). However, the mission should not be so restrictive as to make the organisation inflexible and unable to adapt to change. In order to be sustainable the NPO

needs to constantly update its projects and plans in order to keep their mission alive.

The ability of an organisation to adapt to an ever changing funding and economic landscape is a vital part of organisational sustainability. Organisational adaptability has become even more important since the financial crisis in 2008:

> The arts, like every other non-profit sub-sector, are being challenged by significant contribution losses from government, corporations, foundations, and private donors. Box office and gallery admissions are also eroding as discretionary dollars evaporate. Almost everyone agrees funding problems will become more acute in the upcoming three to five years. Adaptability is replacing growth as a barometer of success. This is a strategic move and achievable through ensuring the organisation has a decent pool of funders instead of one or two, and that they can generate income beyond the support of donors (Killacky, 2012).

While the need for adaptability is important many NPOs lacked managerial expertise. This lack of management experience resulted in inadequate strategic planning on the part of the NPOs and, in turn, impacted negatively on the organisation's ability to adapt to change (Abrahams, 2004).

iv. Resourcefulness - Income diversification

> Strategic management theory suggests that non-profits can revamp their operational activities to enhance their organisational capacity. Strategies such as increased staff training, greater use of volunteers, or more public outreach programs can reduce the costs of delivering services or build a stronger community constituency (De Vita and Fleming, 2001).

As explained above, reliance on one or two donors for core financial support is a recipe for organisational crisis. To reduce donor dependency Holloway recommends that NPOs diversify their incomes by adapting to a new paradigm in which organisations mobilise local resources through a mixture of methods including: charging membership fees, recruiting volunteers, providing social services for a fee, and accessing resources from their immediate community. Holloway explains that the environment for NPOs is becoming more restrictive as the 'amounts available from traditional donors are diminishing everywhere, and, at the same time, conditions and regulations laid on the funds available are becoming more and more donor directed and burdensome' (pp.151).

For a VANPO to remain true to its artistic mission and survive economically this form of resource diversification is advantageous, not only on an economic level, but is justified by the potential for increased social impact as well. He outlines twelve ways to mobilise resources for the organisation. These are:

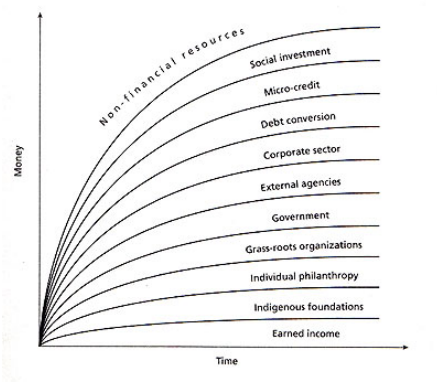


Figure 2: Holloway's impression of how an organisation would work by diversifying its incomes.

- Accessing indigenous foundations
- Encouraging individual philanthropy
- Building grass roots organisations
- Approaching local government
- Approaching foreign development agencies
- Encouraging corporate sector support
- Building reserve funds and endowments
- Conversion of debt
- Microcredit programmes
- Social investment
- Use of the internet

Income generation requires that NPOs find a way in which to earn incomes in order to support their mission. There have been a number of options considered for NPOs in this context. One school of thought encourages NPOs to 'marketise' in order to become competitive with profit-oriented companies with similar objectives in the private sector. However, others are wary of marketisation, as competing with their commercial rivals may conflict with the NPOs principles and their mission (Eikenberry and Kluver, 2004).

Eikenberry and Kluver find that:

> '…an emphasis on entrepreneurialism and satisfying individual consumer self-interest is incompatible with democratic citizenship and its emphasis on accountability and collective action for the public interest. Furthermore, the market model places little or no value on democratic ideals such as fairness and

> justice. For the non-profit sector, marketization trends such as commercial revenue generation, contract competition, the influence of new and emerging donors, and social entrepreneurs compromise the non-profit sector's civil society roles as value guardians, service providers and advocates, and builders of social capital' (pg 138).

Bruno S. Frey (Frey, 2003) argues that arts organisations (referring specifically to museums) have numerous opportunities to be more enterprising. By improving their accessibility, offering more flexible admission options, and activating space and assets that are sitting idle, the organisations can increase their profile and make money from entrance fees or rental costs.

Holloway's and Frey's ideas offer a variety of options to NPOs, but NPOs should take care when considering the direction they take and not commit to too many new income sources as each needs to be staffed and managed, draining the resources for the NPOs core mission. Particularly in the case of the small VANPOs considered in this research, diversifying of the organisation's income sources is a risky business, overburdening the already small teams the organisations have the funds to support.

Holloway also brings to light the fact that the private industry related to the NPO may object to a non-profit organisation that has access to grants, public funds, and tax benefits will have distinct and unbalanced advantages over for-profit companies. He recommends that NPOs keep communication lines open with their private sector counterparts and explains that, in most cases, the private sector will not object if the lines of communication are kept open. Competing with profit-based businesses comes with many pitfalls, and should not become a primary objective of an NPO. It is therefore recommended that, when embarking on an income diversification project, the NPO do its best to line it up with the organisational mission and avoid creating completely new programmes that do not efficiently fall into the scope of the organisation's capabilities. In other words, the organisation should find creative ways to generate income from what it already does.

Byrnes (2009) has found many arts organisations feel an obligation towards running educational programmes to their detriment:

> Many arts organisations feel a deep commitment to building the next generation of art lovers and creative artists. The mission statements clearly and explicitly attest to this commitment. Other arts organisations are feeling pressure from corporate, foundation and government funders to mount educational programming for underserved audiences and, to a lesser extent, to train talented young artists without the resources to pursue arts training of their own. For both types of organisations, there is an increasing focus on developing and implementing education and training programmes. Although one must applaud these efforts, it is unfortunate that this good work is frequently underwritten at the expense of new productions, additional rehearsal time, more comprehensive exhibition programmes, etc. (Byrnes, 2009).

Byrnes's point reinforces the fact that organisations should work within their mission. Art production and art education projects represent different fields, and while each is important, both require a different set of specialised resources in order to function competitively. A production-oriented organisation may be able to offer internships or apprenticeships as these will ultimately result in the organisations mission being achieved. Should they want to develop an entirely different programme for teaching their craft they would need to employ people with educational backgrounds in order to achieve a sustainable service. For a production-oriented organisation this will incur added expense and distract from their mission.

Each step towards diversification requires careful feasibility research and planning. Staff, training, volunteer programmes, outreach projects and income diversification projects require added resources on the part of the organisation. Without clear goals the organisation could find itself losing focus, and in the end compromising its sustainability. As Killacky says on his website:

> 'Non-profit arts organisations are not supposed to be commercial presenters; they are meant to provide genuine alternatives. As the sector looks to increase earned income, both mission drift and diluted impact are concerns. Commercial entertainment does not do very well chasing after blockbusters. Under-capitalized non-profits will never be able to compete, so let's not try. Arts organisations need to be counter-intuitive in their offerings, truly providing alternatives in our community' (Killacky, 2012).

Donor dependency, even with a broad spread of funders, does not guarantee surplus, and as a result does not guarantee the development of the basic

reserves vital to an NPOs sustainability. With the right resourcefulness and planning NPOs will be able to continue with their missions.

v. Reserves – Reserve development, Fixed Capital and Cash

> The top priority for non-profit leaders needs to be maintaining operating reserves at levels adequate for achieving financial stability. While this may seem obvious, preliminary research indicates that many organisations neglect to put aside funds that will help them preserve their capacity to deliver on their missions in the event of unforeseen financial shortages. A natural disaster that increases operating expenses, loss of a long-term sponsor's revenue stream, or unexpected decrease in gifts from individual donors can put an organisation without adequate operating reserves at risk. Some non-profits have negative reserves and are already at risk (NCCS, 2008).

The American National Centre for Charitable Statistics (NCCS) held a workshop in 2008 to consider the ideal operating reserves of charitable organisations, including NPOs. Their recommendation was for organisations to develop operating reserves of a minimum of a quarter, or three months, of their annual expenses in order for them to be financially stable.

They developed an Operating Reserve Ratio that can be calculated as a percentage – operating reserves divided by annual expenses. They found that organisations with a 0% reserve or less are in a detrimental financial situation. They recommend that managers of organisations structure their budget to generate surpluses that can be used to grow the reserves. 'A 5% average annual surplus of revenues over expenses can improve an operating reserve ratio of minus 10 percent to the suggested minimum 25 percent in 7 years.'

Generating surplus from projects is challenging. In their efforts to avoid donor dependency a number of funders only give grants that contribute a percentage towards the organisation's projects. For example, in their call for proposals to arts organisations in South Africa in 2011, the European Union only offered 85% of the total amount required to run the projects, and the National Arts Council explicitly explains that they will only fund certain aspects of projects, but rarely the whole. The demands for efficiency from funders also make it more difficult for NPOs to develop reserves using donor

funding. As a result it is necessary for the organisation to turn towards other sources of income in order to develop effective reserves.

Fees and income from services and sales are rarely stated in detail on organisational financial statements, and it is common for organisations to overlook in-kind income such as donated equipment and furniture or the donation of venues for fundraisers. Due to the limited time and resources of this research it will not interrogate these details if they are not part of the annual financial documents.

Capital assets, such as buildings, provide a form of stable reserves for NPOs. The ability to mortgage capital offers organisations time to sustain their projects. Profit from rental incomes can also contribute towards the organisational reserves and the stability offered by capital assets should also increase funder confidence in the organisation.

CONCLUSIONS DRAWN FROM THE LITERATURE

Arts management is a new field around the world, but particularly new to South Africa. Arts managers are often artists themselves, having learned on the job to manage their organisations. There are only a few training opportunities for arts managers in South Africa, though these are gradually increasing. Most arts organisations are non-profits and non-profit organisations require a particular style of management, balancing between financial supporters, state requirements, public demand, income generation, and fulfilling their organisational missions.

Over the past two decades South Africa's non-profit sector has gradually been drawn into the neoliberal practices implemented in South Africa as influenced by global capitalist trends. In the 1990's South Africa was privileged to receive healthy support from international funders in response to the country's peaceful revolution and the need to redress the inequalities of apartheid. This funding was gradually withdrawn for more immediate global priorities, and international funding bodies rapidly stepped away after the 2008 global financial crisis. This resulted in local non-profits turning to local agencies for support, but as can be seen above, South Africa's state and lottery support for the arts has been dysfunctional.

Within the complex local funding environment the VANPOs, all small organisations, needed to adapt to a constantly changing environment. They needed to find a way to increase their accountability, professionalism, and self-sufficiency while fulfilling their missions. The challenges were the responsibility of the VANPOs' managers who have had limited resources available within their organisations. Their challenges have been increased by poor delivery from state agencies, increasing administrative demands that fall outside the organisations' missions, and limited support from the general public.

The greatest threat to VANPO sustainability is donor dependency. Diversifying the non-profits' income sources is a remedy (Holloway, 2001) to this dependency, but it is clear that the non-profits need to do this with care. If the organisations fail to plan strategically and accept their limitations they may waste valuable reserves in risky new ideas.

The case studies and interviews of this research look into five Gauteng based VANPOs and analyse their sustainability efforts and identifies how these efforts have effected the organisation as a whole. The following section draws on various readings as well to develop a research design that helped to identify and analyse the VANPOs' efforts.

CHAPTER 3: METHODOLOGY AND RESEARCH DESIGN

This section covers the main features (dimensions, factors, and variables) of the various studies and their presumed relationships.

This research looks into sustainability in the context of economic and strategic management. Since the late 1990s the term 'sustainability' has proliferated throughout the South African non-profit sector. Donors, government and stakeholders wished to see the recipients of their funds keep their projects going without the funder's perpetual support.

For this research I investigate the impact of the demands for sustainability on VANPOs by using a hybrid model that relies mainly but not solely on qualitative methods, including documentary analysis, interviews and case studies. Harrigan (1983) promotes a hybrid model that incorporates 'fine-grained' and 'coarse-grained' research. Fine Grained research looks in detail at a particular organisation while 'coarse-grained' looks at the broader environment of the related industry.

The literature has provided a considerable amount of coarse-grained information. For fine-grained research I interviewed organisational leaders from a selection of VANPOs in Gauteng. This offered a richer understanding of the organisations and their relation to the broader sector. Where possible I analysed their public annual financial statements and combined these with the interviews to summarise their position in terms of sustainability. I also interviewed two representatives of state funders to gain a perspective from their point of view.

The interviews were planned discussions. The opinions and experiences of these respondents offered crucial situational viewpoints on sustainability. The priorities of each interviewee will create biases, so it was necessary to look into the organisational position of each stakeholder and address them with their context in mind. Each participant's organisational background offered insight into their responses and these were taken into account.

3.1. RESEARCH DESIGN

Due to a limitation of information focusing on the economic sustainability of VANPOs in a South African context this research is exploratory. It considers

the process that VANPOs have gone through, if any, to be more sustainable. It will rely largely on the opinions of stakeholders within the VANPO environment. The qualitative design is appropriate as it allows respondents to freely present their opinions and perceptions, which would not be possible to the same extent for a quantitative design. There are difficulties posed by qualitative research, such as the low number of people studied, the difficulty to generalise, and the difficulty of aggregating data and make systematic comparisons. The mix of interviews and case studies help to overcome these difficulties.

The weakness and strengths of qualitative research is its dependence on the researcher as a person. In this case, I was closely connected with the VANPO sector having worked as a manager for The Bag Factory Artists' Studios for the previous thirteen years. Having worked in the industry, I could use my reputation and connections to provided access to the stakeholders in the sector. My personal experience as a manager at the Bag Factory also informed the research but I will test my opinions through other interviews and remain careful of pre-supposition in this study. To avoid pre-judgements my research into the Bag Factory relied on the opinions of its present director, Sara Hallatt.

For this study I could have conducted a singular study focusing on the Bag Factory Artists' Studios with my in-depth experience of the organisation, but I identified that a weakness of my personal and longstanding employment at one institution gave me a limited viewpoint of the industry. My intention with this research was to broaden my view, and to identify differences and similarities between key players located within the Bag Factory's immediate environment.

In this report a variety of research sources are explored, including past literature and semi-structured in-depth interviews with a selection of stakeholders, particularly successful professionals and managers in the field. Representatives of funding bodies such as the Department of Arts and Culture have also been included. Case studies of five VANPOs are also presented to illustrate the findings.

I chose the five selected VANPOs for the following reasons:

- each organisation had a strong element of visual arts practice, and was not focusing on education or research,
- the organisations had established reputations, were accessible, and were well known in the Johannesburg circles,
- the organisations spanned a period of time, from the 1980's to the time of this report, offering a sense of the change in practice over the period.

These reasons are expanded upon in Chapter 4.

A number of other NPOs in Johannesburg were not studied because of the limitations of this report. The following organisations have all been identified as playing an important part in the sector:

- The Market Photo Workshop, who focus on the education of both documentary and art photographers;
- FUNDA community college, who offered education to artists in and around Soweto;
- Impala Visual Literacy Project who focus on the development of arts and crafts professionals; and
- the Visual Arts Network of South Africa (VANSA) who are a networking centre for visual artists around South Africa and offer and research, information and resources to visual arts practitioners in the country.

While its story is worth investigating, I excluded the Johannesburg Art Gallery for this research as it falls under municipal facilities and faces somewhat different challenges to the independent NPOs.

The interviews were planned discussions held with people in the industry. Interviewees included representatives of funders and executive leaders of the VANPOs who have been required to achieve sustainability. Initial respondents were identified based on their connection to the sector.

The opinions and experiences of these respondents offered crucial situational viewpoints on sustainability. The respondents were involved as senior professionals practicing in funding and visual arts organisations. These

stakeholders represent as broad a spectrum of these organisations as possible within the limited resources and time of this study.

I chose to conduct interviews with individuals rather than groups as this can be a sensitive topic and inappropriate for group discussions. Subjects were put at ease by letting them choose neutral spaces where they would not feel a need to protect themselves or be influenced by politics from other stakeholders. Subjects were given the opportunity to remain anonymous, thereby ensuring more honest responses, but no respondent chose to do so. As this is an ethically sensitive section of this research each respondent was asked to sign a form explaining the research and requesting permission for the interview.

Interestingly, in a country striving to overcome past racial inequality, the question of the racial composition or orientation of the arts NPOs' managers in Johannesburg was only mentioned once, by Monica Newton, during the process of this research. At the time of this report it was apparent the organisations were aware of demands for racial equity, but did not link them to problems of financial sustainability. This does not mean that the question of equity and redress is irrelevant. All but one of the managers I interviewed were white women.

Some time before the study was started, Khan (2006) expressed that the 'privilege of white artists is supported by an elaborate industry founded on the seemingly unshakeable hegemony of whiteness.' In this she criticized all but two white women in the industry for slipping into roles previously held by white men and stunting the opportunities for the industry to transform. She did this broadly and included many women who were dedicated to promoting artists of all races. In the article she offered no evidence that black gallerists have been oppressed, nor did she mention that one of the leading gallerists in Johannesburg, Monna Mokoena, is black.

In contradiction to Khan's assumptions there are indications that the white women managers of the VANPOs interviewed are not only aware of the country's transformation issues but are attempting to deal with it. In her thesis Berman (2009:53) explains that she had to interrogate her own power within the Artist Proof Studio because she believed her knowledge and vision were

essential to the organisation. In order to help the organisation's transformation she stepped back from the organisation's management taking on a role as a board member. Despite Berman's actions, the APS still had a white woman as director at the time of this report. Black visionaries such as David Koloane and Sam Nhlengethwa have led the Bag Factory Artists' Studios since its inception, but despite this, the organisation chose to employ white women for the past twenty-four years, firstly Sandy Burnet, then Koulla Xinisteris and presently Sara Hallatt as their directors. In the case of Assemblage, Anthea Pokroy and Louise van der Bijl, invested considerable personal time to initiate Assemblage and the NewArc studios, and it is reasonable that they deserve to continue to run them.

There are some possible explanations for the VANPO's predominantly white management. Firstly, all the VANPOs studied are small to micro businesses and fall below the five million Rand turnover threshold required by contemporary BBBEE requirements (Oliver's House, 2015). Secondly, even where the arts NPOs could be seen as led by white management, they are all engaged in deliberate projects to empower black people as career artists or students of the arts. For example, the Artist Proof Studio and Bag Factory Artists' Studios have been responsible for launching the careers of numerous black artists, and running internships and awards for young black professionals (This is reflected in their case studies).

Eventually these transformation concerns are bound to impact on the sustainability of the VANPOs they are not carefully addressed. The most serious effect that transformation requirements will have on arts NPOs arises from the increasing and intentional bias built into state funding, and from the pressure on private donors to be seen to be supporting black-led or owned programmes in the non-profit sector (Jeffery, 2014). On the whole, the arts NPOs seem to have managed to steer around these issues, but it remains to be seen whether the tighter codes change this capability.

With the growing demands from Government, funding for these organisations may diminish unless they can prove they have made sufficient effort to transform their organisations, and impact their relevance. There is uncertainty about how the BEE codes will be implemented.

The race and transformation concern is a complex topic deserving dedicated focus. Further research will throw light on the challenges in the demographic transformation of the visual arts sector and will help to explain the predominance of white-led organisations. This was not the focus of the present study.

To create real-world examples, this research also includes focused comparative case studies on five VANPOs in Johannesburg. Each case study is 'an empirical enquiry [to] examine a contemporary phenomenon in its real life context' (Yin, 1981 pp.98), and offers evidence of the impact of the concept of sustainability on the studied VANPO in question. As this research may have findings that would be detrimental to each organisation, each organisation was also given the opportunity to be anonymous but once again no organisation requested this.

These studies offer a rich texture to the research, but it must be acknowledged that their experiences are not applicable to all VANPOs. The case studies themselves look into organisational business plans, financial statements and involve interviews with the executive leaders of these organisations to consider the five 'R's discussed in the literature:

i. The reliability of the organisation indicates the level of trust the stakeholders in the sector have in the organisation. It includes an assessment of the structure of the organisation and its level of compliance. For example, one way compliance was assessed was by checking published annual reports. With these one may be able to develop a record of the organisation, understand its history and the impact the organisation has had over the years.

ii. The reputation of the organisation based on its lifespan and the support for its projects, the longer the better, and its recent donors. This indicates the respect and value that the organisation holds within the visual arts environment. A mix of its project expenses in relation to its deferred income (grant funding received but not yet spent) can also define the organisations current reputation as well as the size of the annual turnover of the organisation.

iii. The relevance of the organisation is the perceived need for the organisation's services. This can be assessed from interviews and the level of deferred income or donor funding available in the financial statements. The higher the donor funding available represents expression of the confidence that funders have in the organisation. The number of funders will also be considered. In more detailed research one could communicate with the recipients of the organisation's services.

iv. Resourcefulness can be assessed by the diversity of income generating projects. Fundraising events like gala dinners and auctions, sales of artworks, fees or rental charged are examples of income generating projects that improve the organisation's funding. However care should be taken to not only consider the number of grantmakers supporting the NPO, but how much they are providing and if the funding is being used with the organisations' mission in mind. The age of the organisation and its mission statement can offer some illumination on the organisation's ability to be flexible in a fluctuating economic environment.

v. Reserves are presented in their financial statements and offset against their expenses using the Operating Reserve Ratio. This will indicate the extent of the ability for the organisation to overcome dips in funding and support their staff and overheads for a period of time.

CHAPTER 4: STUDY

This section includes illustrative studies of a selection of leading VANPOs based in Johannesburg. They are listed chronologically from their starting dates, and each has its own story that helps consider the question of sustainability in the Visual Arts Non-profit sector. The studies start with the Johannesburg Art Foundation (JAF) that influenced many of the efforts of younger NPOs and contributed to their success. I chose the JAF because it represents a VANPO that ran for three decades, from the 1970's to 2001during which the organisation sustained considerable changes in their environment. I felt the reasons for its closure were of pertinence to this report. The second is the Artist Proof Studio, which has since 1991 managed to create a sustainable model that has placed it in a positive position, despite considerable setbacks. How it has weathered the challenges, and what it learned from them was valuable for this study. The third is the Bag Factory Artists' Studios, which grew in capacity and is currently finding ways to break the dependency on donor funding that developed during the 2000's. The fourth is the Joubert Park Project, which closed largely due to its relationship with the City of Johannesburg. Lastly I look at the youngest of the VANPOs in the area, Assemblage*,* which shows the growth of a new organisation and the challenges it has faced in its first three years.

4.1. STUDY I: THE JOHANNESBURG ART FOUNDATION (1971 TO 2001)

This brief study is a superficial analysis of the complex and interesting thirty-year lifespan of the Johannesburg Art Foundation. Records of the last years of the Foundation have proved challenging to access and due to the limitations of this paper I cannot offer the in-depth analysis required for the organisation, nor its educational and economic history. Apart from sourcing readings on the foundation, I interviewed Steven Sack who directed the organisation after Bill Ainslie, Professor Francis Faller who was the last acting chairman of the board, and artist Gail Behrmann who taught at the Foundation.

Bill Ainslie started the Johannesburg Art Foundation in 1971. The Foundation's mission was to provide training in a variety of visual art forms to a broad community, but is remembered for its focus on the discipline of Abstract Painting. The Foundation provided a creative and communal space

for artists of all cultures in a restrictive environment, and like many NPOs of the period, had informal beginnings due to its multiracial practice under the segregation laws of the apartheid government.

> The studio began informally, operating from Cecily Sash's Randburg home. It moved to Annerley Road, then Jubilee Road, then Elfinwold Road, all in Parktown. Eventually, in 1977, Bill and Fieke bought 6 Eastwold Way, Saxonwold, that came to be the Johannesburg Art Foundation, a family business formalised as an Non-Governmental Organisation in 1982. This was characteristic of its humanity, but as time passed, a reason for its demise. …
>
> A rich commixture of people were an intrinsic part of the studios - gardeners alongside women of leisure; domestic workers alongside Sunday painters. Enabling an unspoken dialogue and bond to develop between people of diverse orientation through art was a part of Bill's modus operandi (Sassen 2001).

The reputation of the Johannesburg Art Foundation was fundamentally linked to Bill Ainslie as a personality and a teacher. Professor Francis Faller, who was the last Chairman of the Foundation's Board, remembers the Ainslie name and practice as a core element of the Art Foundation's identity:

> What I think was very important was that the reputation, the name and the brand of the Art foundation was strongly, almost inextricably, linked with Bill Ainslie himself. There were many on the board who felt that that the Bill Ainslie era should have continued in the same way as when Bill had been there. In terms of reputation it was Bill's accomplishment, and Bill had quite a lot of influence in both artistic and political fields. In Bill's time the Art Foundation was relatively well endowed and relatively well connected. … I think that Bill's reputation was a huge part of the organisation, and this can be found in that some people still call the organisation the Ainslie Foundation today (Francis Faller, 2014).

There is little doubt from all reports that Bill Ainslie was an outstanding teacher, networker and leader. Many of today's South African visual arts celebrities were part of the foundation, including William Kentridge, David Goldblatt, Dumile Feni, Mmakgabo Helen Sebidi, Durant Sihlale, David Koloane, Pat Mautloa, and Sam Nhlengethwa. The Foundation fostered the emergence of a number of other NPOs, including the Alex Art Centre, the Bag Factory Artists' Studios, Fuba, Funda, Katlehong Art Centre, and the Thupelo workshops. Bill Ainslie's legacy is kept alive through his disciples, by teaching, and on the website www.billainslie.co.za. The foundation is remembered with fondness and even reverence today for its revolutionary creative practices.

The internal management of the foundation was informal and, as the foundation grew, friction between the art teachers and the executive leaders started to increase. Having come from non-formal origins certain practices infected the structure of the organisation, particularly the vague lines drawn between the organisation and the home of Bill and Fieka Ainslie, who lived on the premises of the foundation. According to Gail Behrman (2012), who was a teacher at the foundation but also involved in the management of the organisation, the Ainslies ran the foundation and as part of their compensation were given space to live in the foundation's building.

> The JAF struggled to separate the home of Bill and Fieka Ainslie from the foundation. As boundaries were not clear between the [Ainslie] household and the JAF, items were regularly shared or redistributed across the two entities (Behrman 2012).

There were also internal disagreements between staff and Bill Ainslie about his management of the foundation. On 10 July 1991 the Sunday Express published *As Centre's Bosses Paint Rosy Picture... Verbal volleys fly again over that art school.* The newspaper cited serious critiques of Bill Ainslie from teacher Ricky Burnett[7]:

> Mr Burnett said:
>
> - There were no grounds for the "immodest claims" made by the art centre on its own behalf
> - The centre had made no real contribution to art in Johannesburg for the past 10 years, nor to the blacks in the city. It was "an indulgence" to suggest that it had.
> - It was running at a deficit of R2000 a month and Mr Ainslie had "very little insight into how to get out" of that situation"
> - The governing council consisted of well-intentioned people who operated on a school-tie network and had faith in what he called "Mr Ainslie's fantasies"
> - "As director Mr Ainslie was the only person who earned a reasonable salary, who had security of tenure."
> - While teachers had "no medical aid, no pensions, and poor facilities, Mr Ainslie had free accommodation, allowances for lights and water, transport and his own art requirements, as well as a monthly income.

[7] Ricky Burnett is an artist, curator and teacher who, according to his website (http://www.rickyburnett.co.za) attended Bill Ainslie's art studio and became a founder member and part time teacher at the Foundation in 1973. He presently runs his own art classes and continues to curate exhibitions.

Mr Ainslie said:

- It was not true that the school was “trendy”. The school had always been open to all serious students including those who could not afford the fees.
- The fact that the foundation was about to take transfer of its own property “constitutes the culmination of a long effort to establish a durable home for the venture”.
- Plans to bring overseas artists had been discussed and there is an important move to involve outside artists in the work of the centre (Sunday Express; 1983).

In the late ‘80s international interest in South Africa was increasing. Fieka Ainslie was seen as an important contributor towards the foundation. She was valued because she was able to secure funds through contacts in the Netherlands. At the same time Sir Anthony Caro arranged exchange programmes as part of the Triangle Network between South Africa, New York and London.

In 1989 the foundation was rocked by the sudden loss of Bill Ainslie in a car accident. As the charismatic visionary of the JAF, Ainslie’s loss seemed to impact on all aspects of the organisation’s management. The suddenness of the accident meant there had been no succession planning to compensate for Bill’s loss, and filling the shoes of a charismatic leader was a tall order. Steven Sack (quoted by Sassen) said after the Foundation closed:

> NGOs by their nature are generally founded by charismatics. When they die, the project must die too, because unless the council understands that the only way they can take it forward is to bring in a new visionary and be prepared to change the whole project, it's impossible (Steven Sack, 2011).

After Bill’s death the foundation employed Steven Sack as the director of the organisation. According to Sack (2013) the changes in governance requirements meant the tolerance of 'creative bookkeeping' and informal practices of NGOs and political organisations prior to 1994 declined. The informal arrangement between Bill and Fieka Ainslie residing in the premises of the art school was unsustainable and no retirement provision had been made for Fieka Ainslie. The manner in which the organisation was originally run created a legacy that perpetuated a lack of planning for succession of leadership. Certain non-formal patterns were so embedded that they made it challenging to formalise and professionalise the organisation. These

challenges were largely dealt with, and when Francis Faller joined the board in 1997 he was satisfied with the organisation's reliability.

During his time on the board Francis Faller noted Bill Ainslie's continuing legacy and reputation. He also explained that Steven Sack had done a great deal to keep the organisation running, but Sack's departure had once again left a position open that was difficult to fill. After Sack there were short-term executive appointments in the foundation and in the years that followed the foundation also experienced the departure of a dedicated bookkeeper.

During Faller's time the board was comprised largely of art teachers and the board focused on educational matters more than financial matters. Bill Ainslie's legacy and his methods became a source of much debate in the foundation. Bill's teaching practice focused on creative exchange and not on formal syllabi. The practice encouraged creativity, but did not offer students formal qualifications. Even in 1997 when Francis Faller was invited onto the board he recollects that one of the most serious debates at the foundation revolved around accreditation:

> When I arrived it was a good board. Board meetings were very heated, very intense, constantly revolving around the issue of continuing the legacy of Bill Ainslie or to moving towards a new identity for the foundation. I was aware of new institutions around town that were offering accredited courses and frequently asked whether we should also follow this direction. It was also becoming apparent that public interest in informal, non-qualification arts organisations was drying up (Faller, 2014).

In terms of resourcefulness, the foundation did make efforts to find alternative incomes. Sack indicated that numerous attempts to diversify were made, and in some cases were successful, particularly a graphic design division. This division attracted numerous students, though it eventually was in competition with many other new design schools in the city.

Without clear documentation it is difficult to assess when the foundation's reserves started to diminish. When the board acknowledged that the foundation was facing financial difficulties they brought in external consultants and ran workshops to find ways to rejuvenate the organisation. Eventually it became clear that the foundation wouldn't be able to cover its overheads for more than a couple of months. The board's decision became

inevitable with the discovery of large debts owed by the foundation to SARS and the Johannesburg City Council.

> We discovered that there was quite a lot of debt owing by the organisation. The board did not include a strong financial person and lacked anyone with an accounting background. A lot of financial information was taken on trust, and while I am sure there was no intention to deceive the board. The absence of strict rigour on the finances fell away.
>
> The first problem related to the City of Johannesburg and rates payments. The status of the foundation absolved it from city rates, but this ended with a change of regulation. How the building was classified as a home or a business and who was responsible for the rates, the electricity and other aspects caused complications. The second issue revolved around back payments due to SARS. These and others all emerged over a short period.
>
> This meant we had to consider whether the organisation could continue, relying on the Ainslie image and ambition. You can say the organisation lost its unique drive. It was still a pleasant place for students, but competitors were arising that were taking different approaches in terms of courses and programmes. Like the University of the 3rd age we offered no formal qualifications. It succeeds because its expectations are fairly modest and has limited permanent staff. The Art Foundation was hovering between that kind of notion and the question of how do we resuscitate a directed, vibrant and strategically sussed space (Faller 2014).

The closing of the Johannesburg Art Foundation in 2001 was a difficult time for all involved. The board unanimously stood behind the decision and the social difficulties it brought. The foundation is continued in spirit through the Bag Factory Artists' Studios, Greatmore Studios in Cape Town and the Thupelo workshops run regularly around the country. The artists who were involved with the foundation continue to practice its methods, and in some cases have improved on the practices of Bill Ainslie.

The Johannesburg Art Foundation in terms of the 5 'R's:

Reliability – Due to the unavailability of clear financial records, this research did not uncover detailed information on the organisation's compliance or reliability, and has depended on interviews to create an impression of the organisation. On the whole it seems the foundation was largely compliant, but from the interviews the following issues are factors that could have contributed towards the organisations closure:

1) The blurred lines between the foundation and the Ainslie household meant that it was never clear how funds were being distributed. This created an unclear image for funders and stakeholders who interrogated the organisation's accountability. The property's joint status also created confusion with the City of Johannesburg.[8]
2) The failure to correctly manage profits from the design studio and monitor the subsidisation of student bursaries caused losses that could have been avoided.
3) The lack of concrete staff structures, including retirement and medical planning meant that the sale of the building as last reserve of the foundation needed to be split across the debts to creditors as well as provide some equitable support for the organisation's human resources.
4) Limited hand-over and transition planning between the foundation's leaders can be seen as a contributing factor to its closing. The sudden and unexpected death of Bill Ainslie is one of the factors that led to the closure of the organisation as 'the challenge to fill Ainslie's shoes proved not only impossible, but unfair' (Sassen 2001). Steven Sack took on the management of the foundation and kept it running but when he left there seems to have been minimal transfer to his successor. Thabo Moeng, who succeeded Sack, worked with the foundation for approximately 18 months.
5) There is evidence that the board was divided regarding matters of educational methods, and whether the foundation should commit to accredited practices of teaching or maintain the informal practices encouraged by Bill Ainslie.
6) The lack of disciplined financial observation of the organisation in the last years resulted in unmonitored debts, particularly those of the City of Johannesburg and the South African Revenue Service.

Reputation – Despite internal disagreements regarding the running of the Art Foundation and teaching practices, the Johannesburg Art Foundation had an excellent reputation. Over a decade after it closed, the JAF is remembered with fondness as a key visual arts centre of its time. The foundation had a

[8] In the Art Foundation's defense the City of Johannesburg has a long documented history of billing issues and poor responses to queries and disputes.

great impact on the careers of many of today's leading visual artists and the legacy and spirit of the JAF continues to exist through the efforts of people like Ricky Burnet, David Koloane, Pat Mautloa, Jill Trappler and Gail Behrman. In addition organisations like the Thupelo Workshops, Bag Factory Artists' Studios, Greatmore Studios (Cape Town) carry on many elements of the legacy of the Art Foundation today.

Relevance – While there are conflicted opinions, Steven Sack's interview indicates that the Art Foundation was still relevant when it closed. The organisation was facing increasing competition from formal education institutions around the city:

> The bulk of Art Foundation students couldn't access university, and many didn't want to get caught up in academia. FUNDA was set up to get students to university level, but in 10 years only one student actually graduated from UNISA with a degree. The foundation also provided education and evening classes to white students who just wanted to do art. Even today students at the Artist Proof Studio or Imbali Visual Literacy rarely have the education or financial capacity to go to university. Ricky Burnett now has a flourishing art school that draws on predominantly white middle class people. To say the Art Foundation ceased to be relevant is crazy (Sack, 2013).

The foundation created its own competition by supporting many 'outreach' organisations. The foundation was responsible for fostering the Alex Art Centre, the Bag Factory Artists' Studios, Fuba, Funda, Katlehong Art Centre, and the Thupelo workshops. These can be said to have thinned the need for the Art Foundation and as a result diminished the available funding resources for the JAF. The JAF's relevance was also diminished by the growth of private arts education facilities around the city.

In retrospect, I feel the resistance to adapt to the growing public demand for accreditation and formal certification means that the Art Foundation missed the opportunity to leverage their reputation to generate more sustainable income. They could have continued their original mission by creating a hybrid model that used their good standing to establish a formal accredited school while continuing to teach using Bill Ainslie's methods and separately maintaining the informal nature of the original foundation.

Resourcefulness – Attempts to diversify their incomes were made. The Art Foundation educated people from a variety of backgrounds, and to compensate for wealth discrepancies, higher fees were charged to middle or upper class students in order to subsidise the underprivileged students. The design department drew in a number of paying students, and creative ideas were regularly considered for other income generating projects. Popular programmes, such as a design department, were implemented in order to generate income.

Reserves – It would be interesting to see an in-depth analysis of the JAF for the last five years of its financial life. The fact that the organisation owned the building contributed a great deal to it being able to survive as long as it did, and in the end allowed for debts to be settled and for a contribution towards Fieka Ainslie's retirement.

4.2 STUDY II: ARTIST PROOF STUDIO (1991-)

The Artist Proof Studios (APS) were formally set up as a section 21 company by Kim Berman9 and Nhlanhla Xaba in 1995, but were already in operation by 1991. 'The studio, situated in the Newtown Cultural Precinct of inner-city Johannesburg, was established in response to a call by Nelson Mandela to all South Africans to participate in the building of a new, democratic society that would promote reconciliation, cultural diversity, equality, and above all, a culture that celebrates human rights' (Artist Proof Studio, 2011). The organisation offers a mix of printing services, offers opportunities for training in printmaking, and run special projects.

The APS has overcome a number of serious challenges in the past decade. The most prominent was when the studios burned down on 9 March 2003 resulting in the tragic death of Nhlanhla Xaba and the destruction of presses and facilities. Kim Berman and her crew worked hard to recover the losses of the organisation and were offered support from sympathetic funders.

> The studio received funding not only from government, private and business sectors, but also students, artists, dealers and gallery owners from all over the world who pledged their support and resources to assist the rebuilding of the Studio. The new space is fully ventilated with a fireproof acid room and solvent

[9] A rich and detailed background on the Artist Proof Studio can be found in Kim Berman's Doctoral thesis – *Agency Imagination and resilience: Facilitating Social Change through the Arts in South Africa* (2009).

> storage facility in order to keep strict health and safety standards. Large workspaces can accommodate state of the art facilities for printmaking (O'Reilly, 2004).

The second major challenge was experienced in 2008 when the MAPPP SETA, a major contributor to the APS's educational programme, was audited and eventually closed down. The MAPPP Seta approached the APS to set up an education programme in 2002:

> At the time it seemed like a good way to be sustainable. We implemented their accreditation processes and adapted to their heavy administration requirements. We received 5 years of funding from the Seta. On the positive side the Seta grew the APS from a programme that supported 10 students to one that now has 100. When the Seta went into audit because of mismanagement the funding was stopped, leaving the APS education programme in crisis. The accreditation was there, but the money wasn't (Maccullum 2010).

The sudden withdrawal of support for their educational programme meant that Kim Berman and Cara Maccullum needed to think laterally to raise funds. They tapped into their social network, requesting the donation of works and helping artists to develop new works for auction. The results were beyond expectations:

> Nearly R1-million was raised in April by the Johannesburg-based Artist Proof Studio (APS) in an auction supported by South African artists and held to raise funds for scholarships. The organisers had hoped for R360,000 but close to R900,000 was raised. APS Studio Manager Cara Walters said there had been a "phenomenal" response, leaving APS, a not-for-profit focused on print-making, with an "amazing" R700 000 profit. This money will be used purely for education and scholarships. The community of established South African artists were "hugely" supportive of the event. "We were totally blown away by the support of local artists," she said. Over 200 artworks were donated – and by "substantial artists" at that too – with one William Kentridge etching bringing in R55,000 for the studio (Funke, 2008).

Apart from the influx of unrestricted funds from these independent fundraisers, they also provided a clear indication of public support for the APS, proving it was still relevant and effective. Since 2008 the APS has run additional fundraisers with similar results.

To avoid further disappointments from funders the board of the APS put pressure on its staff to implement the professionalization of the organisation

and to develop strategies for the APS's long-term future with the objective to become as independent from donor funding as possible. They worked together to create a hybrid model for funding:

> In response to the funding crisis in South Africa, the APS Board of Directors took an active role in re-defining a business model for APS and evolving a market-orientated organisational strategy. The model that APS is developing can potentially provide useful lessons for arts organisations. The model I explore to describe this phenomenon is that of 'hybrid organisations'; or hybridity as a strategy for sustainability. … Hybrid organisations are bodies that operate in both the public sector and the private sector, simultaneously fulfilling public duties while developing commercial market activities. The literature on hybrid organisations states that it is a post-modern concept with a focus on the combination of government with market sectors, which have to combine conflicting cultural orientations. The integration of business practices into its art training has enabled APS to meet both its mission and its market goals. Currently 50% of the income at the studio is consistently generated from sales of art works from our gallery or publishing print studio, approximately 20% from corporate social investment and commissions, and approximately 30% grant funding for special projects that meet non-financial objectives such as human rights, gender and HIV/AIDS advocacy campaigns as well as for student bursaries. (Berman, 2011)

Cara Maccallum (2010) who managed the APS between 2009 and 2011 described the changes made to the APS's business structure:

> The APS has been separated into business units. Some are very stable, such as the Print Studio unit and the gallery make small profits, which contribute towards maintaining other aspects of the organisation. The education programme and outreach still rely on funding. We have grown since I started in 1999 when we had 3 staff and no printers. We now have 35 staff who are all ex-students (Maccullum 2010).

Apart from their student artists, many of whom have grown into respected professionals, established and celebrity artists also produce prints at their Professional Print Studio. 'Collaboration with professional artists are accepted or solicited based on relationships with artists, interest, and facility capacity. The Pro-Print Studio has worked with many important South African artists such as Wim Botha, Diane Victor, William Kentridge, Willem Boshoff, and many others. The studio currently editions work for approximately 20 artists each year' (Artist Proof Studio, 2011).

Unlike many other visual art forms, printmaking's ability to produce multiple

editions of work gave the APS the opportunity to retain and sell original prints, often in a deal split evenly between the artist and the organisation. The APS has successfully sold prints at Art Fairs while distributing information about their programmes and products. The profits from these sales contributed strongly to the APS's sustainability and have also helped the organisation develop reserves. By 2011 the APS had achieved a 50/50 split between donor funding and sales and services.

Maintaining the level of sales, education and services is challenging. In her interview in 2011, the APS's director, Janet Watts, said:

> Printmaking involves an enormous amount of time, resources and skills. We had a bad time this year [2011] because we didn't have a gallery manager. We are not marketers and generating sales is as time consuming as fundraising. We are fortunate to have found a way to generate income. The whole idea behind our education programme is to encourage students to become self-supporting, and we need to do that too. We can't tell students to make a living from art if we ourselves can't do it. While it's not detracting from our mission, if we let it go for a minute we will lose it (Watts 2011).

The Artist Proof Studios in terms of the 5 'R's:

Reliability – Little can be found to criticise the APS's reliability. The APS has remained compliant with state requirements, and has published annual reports regularly.

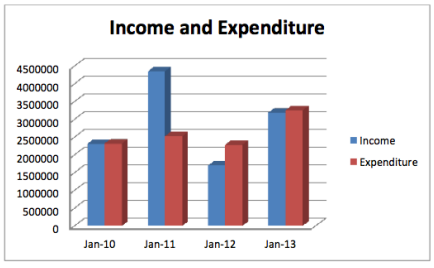
Reputation – The Artist Proof Studio has existed for over 20 years with consistent service to its community. The numerous artists, buyers and printmakers who patronise their space show their support to the organisation by printing with them and selling prints through them. The APS annual report for 2012 reveals they received support from 23 patrons and grantmakers, and from 52 artists during the year. This buy-in from multiple partners and artists supports the organisation's reputation as a prominent and recognised visual arts institution.

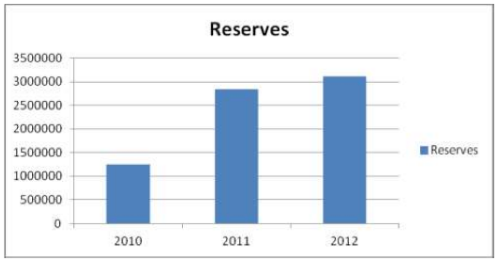
Relevance – Affordable and independent printmaking facilities, and affordable artworks are presently in demand in South Africa. The APS caters to a wide need within the arts community and they expand their market through projects in communities in other parts of the country. The APS's

special projects unit has 'many outreach programmes, including Paper Prayers, Artists in Schools, At-Risk Children and Orphans with NOAH's arks, the Ikageng Project, public art commissions and murals, refugee projects, as well as partnerships and commissions. Additionally, the Special Projects unit has developed a holistic approach to promoting social change through art and craft by making innovative connections with the education unit' (Berman 2011).

Resourcefulness – The APS survived two serious crises in the 2000's. The first was the loss of their building and equipment to the fire and the second was from the MAPPP Seta closing. The APS has emerged from both of these crises stronger than before, and is determined to be self-reliant. Having 50% of generated revenue from non-donor sources, the APS is in a strong position.

Reserves – According to the APS financial statement they are constantly putting aside funds to maintain and grow their facilities. The two graphs below are from their annual report for 2013. They indicate the APS's high success rate in generating reserves from 2010 to 2011 while maintaining a balance of income and expenditure. In 2012 there is an increase in expenditure that was attributed to the increase in staff.





The APS does not own their building, but are hoping to purchase their own space in the future in order to expand and improve their facilities.

4.3. STUDY IV: THE BAG FACTORY ARTISTS' STUDIOS

The Fordsburg Artists' Studios, trading as the Bag Factory Artists' Studios, was set up to provide studio spaces for practising professional visual artists in Johannesburg. The organisation's origins come from a number of sources.

David Koloane and Bill Ainslie of the Johannesburg Art Foundation were invited to participate in the Triangle Workshop in New York during the 1980's.

> The Triangle Arts Trust (now Triangle Network) was founded by Sir Anthony Caro and Robert Loder in 1982 and started with an artists' workshop in Upstate New York in the summer of the same year. The workshop brought together approximately 25 emerging and mid-career artists from the US, Canada and the UK, who spent two weeks making work alongside each other. The workshop aimed to provide the artists with space and time to enter into dialogue and exchange ideas, knowledge and skills with each other. As such, the focus of the workshop was directed more towards the process of making work rather than the product (Triangle Network, 2011).

Ainslie and Koloane were impressed by the Triangle model and used it as inspiration for the Thupelo workshops, which continue to be run around South Africa today. The Thupelo Workshops provided the ideal platform for cross-cultural and cross-racial projects in an increasingly oppressive South Africa. The temporary nature of the projects and the informal locations helped the artists to avoid legal tangles with the State.

In the early 1990's the country began to change and David Koloane appealed to Robert Loder, amongst others, to find a more permanent space for visual artists to practice. He was particularly concerned about the numerous talented black artists who, due to oppressive apartheid policies, had little access to art schools or studio facilities. Loder answered the appeal and purchased a warehouse that used to be a bag manufactory on Minnaar Street (now Mahlatini street) in Newtown, Johannesburg. The Fordsburg Artists' Studios was officially registered as a section 21 company (not for gain) on 13 March 1991. Old signs from the original 'Speedy Bags' remained on the outer wall until 2010, and in that time had become internationally known as the Bag Factory, while its formal title remained relatively unknown.

The first decade of the Bag Factory was fraught with challenges including a disagreement with the City of Johannesburg regarding a rates rebate that had been offered to other NPOs in Johannesburg, but not to the Bag Factory, partly because the building was owned by Robert Loder, a private citizen, and partly because the Bag Factory is situated one block away from the formal Newtown precinct. This, tied in with the City's history of bad accounting, left the Bag Factory with a large debt to the council which was

only resolved with pro-bono support from Werksmans attorneys in 2009 with additional donations from Robert Loder and the three long-standing resident artists – David Koloane, Pat Mautloa and Sam Nhlengethwa.

The economic background of the Bag Factory is interesting for this study. During the early years volunteers semi-formally managed the Bag Factory's affairs. The accounts were riddled with internal political disputes, and failure on the part of artists to pay their already highly subsidised rent. The organisation only made efforts in the late 1990's to professionalise its administration when the board was confronted with the reality that the City of Johannesburg intended holding the organisation to account for its outstanding debt.

In 1996 the Bag Factory started an international visiting artists' programme that aimed to host 12 artists a year on 11 week residencies. These would run alongside a number of programmes including exhibitions, outreach projects, professional artists workshops, and audience development events. Administrator Les Cohn was employed on a very low salary to start the Visiting Artists Programme, but took on the rest of the organisation's affairs as well. All the programmes were supported by, and in partnership with, grantmakers including the Ford Foundation, the WK Kellogg Foundation, the National Lottery Distribution Trust Fund, the National Arts Council, the Royal Netherlands Embassy, Prohelvetia (Swizerland), and the Goethe Institut.

Over the second decade of its existence the organisation grew under more formal management led by curator Koulla Xinisteris (1999-2010). Xinisteris worked with Louna Baker, an effective and diligent certified bookkeeper, to correct the organisation's financial confusions of the past. Coming from a creative and management background in the music industry, I joined the Bag Factory as its new administrator in 2001 to work with Xinisteris and Baker. During my first decade at the Bag Factory we sustained a consistent flow of grants largely from international sources including the Ford Foundation, the Kellogg Foundation, the Royal Netherlands Embassy, and other embassies. The flow of funds allowed for numerous creative projects and collaborations to happen and for the organisation to improve its reliability, including the resolution of our disputes with the City of Johannesburg.

In 2008 the Ford Foundation, which was a core supporter of the organisation's projects and contributed generously to the Bag Factory's overheads, changed its international priorities and support was discontinued. The Bag Factory had already signed a contract with the National Lottery in 2009, which promised to provide further sustainability to the organisation. Disbursement of the Lottery's grant was very slow and as a result the organisation has experienced on-going cashflow difficulties.

In 2011 the board of the Bag Factory restructured the organisation, and Sara Hallatt[10] replaced Xinisteris as director. Hallatt has been challenged to reinvent the Bag Factory, finding other ways to sustain its projects and spaces, and to wean the organisation off donor funding. Her plans have included selling work at Art Fairs, hosting events and exhibitions and developing profit centres including a materials shop, a lithography studio, and renting spaces in the building to suitable customers.

Today the Bag Factory is struggling to sustain its previous momentum. In the interview with Sara Hallatt she surmised that the difficulties experienced by the Bag Factory and other older NPOs stems from a change in donor priorities. Funders have been supporting the redress of Apartheid inequalities for twenty years and it is no surprise international funders' money has moved to the Middle East where it is more relevant and the perceived need is greater.

The Bag Factory Artists' Studios in terms of the 5 'R's:

Reliability – The Bag Factory is compliant. Registrations with CIPC, DSD, SARS, and the others are fulfilled and up to date. The Bag Factory strives for transparency and offers information to those who ask. In the past years the team has developed structures to professionalise the staff and prevent issues of succession. Their board meets three to four times a year.

[10] Sara Hallatt started at the Bag Factory in March 2011. She came from a project management and marketing background. Sara produced events around the world and was part of the team that produced the Opening and Closing ceremonies of the 2010 FIFA World Cup. She has an honors degree in Dramatic Arts from the University of the Witwatersrand.

Reputation – 'The Bag Factory has a great reputation, has run good projects for over two decades, and has had numerous great artists come through its doors' (Hallatt 2013). The Bag Factory has a strong international standing, is respected throughout Africa and the world for its visiting artists programme. For 23 years the studios have been a working space for numerous highly influential artists such as Penny Siopis, Helen Sibidi, Kay Hassan, Gerard Marx, Tracey Rose, Johan Thom and numerous others. Historically, as the first studio collective of its kind in Johannesburg, the Bag Factory is an important part of Johannesburg's visual arts legacy. Lastly, the Bag Factory's relationship with the Triangle Network connects the organisation with visual artists from around the world.

Relevance – There is a constant need in Johannesburg for studio space, and the Bag Factory offers affordable and generous spaces that are unparalleled in the city. Hallatt is reassessing the relevance of the Bag Factory's programmes. The visiting artists programme, outreach programme and others are being considered in relation to the changing character and needs of the visual arts environment. Hallatt has been proactively implementing changes to adapt to the present environment.

Resourcefulness – The Bag Factory's resourcefulness has focused on its programmes, promoting new ideas and opportunities for artists during the past decade. The organisation has been donor dependent for many years, but is endeavouring to break away from the dependency by starting independent income generating projects such as its Picnic Blanket Fundraiser held once a year with an art auction, and the development of print portfolios for sale at Art Fairs and off their website. These efforts are in their early stages but have already proved valuable, as the organisation has seen a rapid decrease in donor funding since 2009.

The visiting artists programme is no longer dependant on the Bag Factory providing donor funding. Artists are encouraged to arrange their own financial support with the help of the Bag Factory. Artists' rental fees have been increased to cover some of the overheads of the organisation.

Reserves – The Bag Factory has grown from its original proposed format and has become an internationally respected organisation. The studios, in

their original format, could be sustainable with a considerable increase in rental fees and a decrease in the cost of administration.

Since 2011 the reserves of the Bag Factory have fluctuated, resulting in cashflow challenges. This can be attributed to the loss of support from international donors in 2008 and perpetual funding delays from the National Lottery. At the end of 2013 the operating reserve ratio of the Bag Factory dropped well below 0%, but in 2014 sales of artworks and auctions dramatically improved their situation.

Since 2009 the Bag Factory team has endeavoured to raise funds to purchase the building in order to refine the space with necessary repairs and renovations, but by the end of 2013 the Bag Factory did not own its building. It had a small stock of equipment and artworks that can be sold.

4.4. STUDY III: THE JOUBERT PARK PROJECT

> The Joubert Park Project is an attempt at artistic intervention in the most difficult district in Johannesburg. The area is home to many recently arrived migrants from countries to the north who, although they may not stay for very long, determine the character of the area (Schwaller, 2009).

The Joubert Park Project was a non-profit trust located in the middle of the Joubert Park area of the inner city of Johannesburg. Its objective was to 'develop and facilitate collaborative projects with artists and non-artists from diverse fields' in a 'shared spirit of curiosity about the peculiarities and specifics of the city'.

> We seek to bring the strategies and instruments of the contemporary arts to bear on the complex and conflicted environment in a manner that asks questions both of arts practice and the complicated reality of this shifting urban context – in relation to the country South Africa and global linkages. Our role at the Drill Hall includes site-management – liaising between the tenants of the Drill Hall and the City of Johannesburg.
>
> A basic principle running through our projects is an emphasis on what may be called 'complex collaborations' – 'field experts' (eg artists, choreographers, architects, designers, social workers, film-makers, media specialists, sportspeople) and 'local experts' (eg. ordinary people living and working in the inner city) working together in the development of projects that take the urban context as a base material.

> The JPP collective is made up of a group of individuals that initiate, conceptualise and drive a variety of projects and bring their different skills, interests and networks to the JPP. The organisation employs no staff, bringing in expertise as and when necessary in relation to the needs of individual interventions. Current active members of the entity include Dorothee Kreutzfeldt, Lawrence Lemaoana, Joseph Gaylard, Bie Venter and Ra Hlasane. The organisation is registered as a non-profit trust and is governed by a Board consisting of contemporary arts practitioners and people involved in a variety of capacities in both the contemporary arts and the life of the inner city (www.eternalnetwork.org 2009).

The JPP was started in 2000 and was initially based in the Johannesburg Art Gallery situated in the middle of Joubert Park. It ran projects around Joubert Park and was later offered space by the Johannesburg Development Agency at the Drill Hall, the historically important site of the Treason Trial in the 50s. They shared the Drill Hall with -

- the Rand Light Infantry in the northern wing
- the Johannesburg Community Chest, which provided life skills training for disadvantaged people in the inner city
- the Johannesburg Child Welfare Society in the southern wing. The society provided skills to girls at risk - street children, homeless girls and sex workers - through special programmes intended to develop their entrepreneurial spirit. A hair salon, sewing machines and amenities for cooking lessons were under development.

Confusion between agencies of the City of Johannesburg, including the Johannesburg Property Agency and City Power, became a problem the JPP attempted to shoulder. Lease agreements were never provided and there was no clarity regarding the payment of utility bills. The JPP's attempts to resolve the problem became a time consuming distraction and the demoralising lack of progress with the City became a key motivator for the JPP's decision to close.

When the JPP closed it transferred the remaining projects and funds to Keleketla!, an inter-disciplinary, independent library and media arts project established in 2008 to create access to the use of arts and media strategies as alternative education models and tools.

In the interview with Dorothee Kreutzfeldt in 2012 she explained the situation:

> The Joubert Park Project was far too ambitious for what we wanted. As an organisational structure we struggled to maintain the project, which included the Drill Hall, the Residency programme, hosting projects, managing the site, fundraising, developing a cohesive programme as regards 'public art', and others.
>
> I think the most sabotaging problem [for the JPP] has been non-delivery from the City of Johannesburg. Over years the Johannesburg Property Company never provided a lease or any way to manage the site and pay the bills (for public site lighting for example). It has been a drawn out and absolutely inefficient process. The site should be able to begin to support our sustainability. As a public heritage site it seems to fall into a blind spot for the JDA, JPC and City authorities. … The Drill Hall is a registered public heritage site. The running of the site has been neglected and never been accounted for. The Drill Hall, unlike Constitution Hill, is less prominent in the public imagination or official media.
>
> There was no formal opportunity or structure for us to work in. There was one electricity meter for a number of organisations resident in the space, and none have their own meters. It's as if they expected one of the organisations to arrange for payment for all the organisations on the space.
>
> There was a flow of people [between the JPP and Keleketla!] who moved from one to the other, but Keleketla! is a very different initiative. JPP focused on public multi-art events, and was driven by the people who were involved. As people drifted away, it was Joseph (Gaylard) and I in the end who decided to quieten down.
>
> We suddenly, after three years of waiting, we were granted money from the National Lottery for a project around the Treason Trial. We still had very capable and motivated people to run the project. Management of the project and the related funds were handed over to Keleketla! who realised the project over the next 5 years. During this time, the JPP only really existed as an administrative 'parent' structure.

Analysis of the Joubert Park Project in terms of the five 'R's:

Reliability - The JPP focussed on small short-term projects, creating a sense of a 'fly by night' organisation. Is there evidence of this assumption? This assumption would be incorrect as the leadership and stakeholders in the JPP remained fairly consistent over the decade. The location of the Drill Hall also offered the JPP a sense of permanence. However, when the JPP felt obliged to become the informal 'landlord' for the space the team was distracted from their mission.

Reputation - The artists associated with the project – Dorothee Kreutzvelt, Bie Venter, Joseph Gaylard, and others – brought their reputations into the JPP. Their relationship with the Johannesburg Art Gallery was also beneficial. The numerous international projects run by the JPP contributed towards its reputation.

Relevance - The JPP offered a significant and valuable resource to the Johannesburg Art Gallery and the Joubert Park communities by acting as an embassy between artists and the broader community. Their projects brought together communities and artists who would otherwise have struggled to access the visual arts. In this context the JPP was highly relevant as Joubert Park and the surrounding areas still has a large but disparate community. The JPP offered one of the few and necessary centres for this community.

Resourcefulness - There is little evidence that the JPP was set up to run as an ongoing concern, but more as a platform for projects. The nature of the JPP meant that strategies to diversify or sustain the project were not a priority.

Reserves - The Joubert Park Project's sustainability was deeply undermined by their struggle with the various departments of Johannesburg's municipal government. These were firstly the lack of lease agreements between the City Property Company and the various tenants on the Drill Hall premises. Secondly and most importantly was the belligerent attitude of City Power who threatened to cut off electricity without payment from the Drill Hall, but the tenants had no fair way to calculate or distribute the billing. Feeling obliged, if not coerced, to rectify this problem the JPP took on the debt to its detriment, and this led to their lack of reserves and their closure.

4.5. STUDY V: ASSEMBLAGE

> Assemblage is a non-profit trust which intends for the visual arts community of Johannesburg to connect, to share ideas, information and advice and to collaborate. It provides an inclusive forum where visual art students, graduates and professionals can network. Assemblage encourages production, participation, professionalism and the sharing of resources, knowledge and skills. Through an informative website, peer mentoring groups, workshops, group exhibitions, artist studios and other collaborative projects, it hopes to contribute

> and promote artistic innovation, collaboration and a proactive vibrancy within Johannesburg.
>
> Assemblage's Vision: To be a viable and sustainable organisation that has a positive impact on the visual arts community and enables artists to be their best.
>
> Assemblage's Mission: To be the Central Hub (through sharing, connecting, participating) for the Johannesburg visual arts community, in promoting professionalism, excellence and innovation.
>
> Assemblage's Goal: To engender and inspire a dynamic, vibrant and inclusive forum for the visual arts community' (Assemblage Website, 2013).

Having completed their degrees in fine arts and having worked for a number of years in the visual arts, coordinators Louise Van der Bijl and Anthea Pokroy both felt frustrated by the limited opportunities and platforms available to young artists in the South African visual art market. Their perception in 2010 was a visual arts environment split into small groups. In an effort to encourage networking they started the Assemblage website as an online resource. They wanted to create a structure where they could work with fellow artists to meet and set goals and manage their time in a non-institutional environment, and to encourage businesslike practices that strategically sustain artistic careers. A virtual network was not ideal as the limited internet access at the time reduced the number of people they could connect with in the city.

They started with peer mentoring workshops that brought young artists together in mutual encouragement. As open invitation informal events the artists could choose to be a part of these workshops. The workshops were hosted in spaces offered to Assemblage and in the workshops the coordinators identified common needs amongst their colleagues. With the aim to become a central hub for artists in Johannesburg, they covered sharing, connecting and collaborating. They also aimed to show artists that they do not need to rely on the existing gallery system. At a later date Mandy Johnston joined Assemblage to manage the workshops.

Motivated by the need for studio space, the coordinators conducted some research and found that, out of 100 artists, 88 needed studio space in Johannesburg. Other spaces like the Bag Factory and August House were

usually fully occupied, and were unable to fulfil the demand for studio space. The need for creative space lead to the initiation of the NewARC studios, a series of rented artists studio spaces in Newtown.

In 2011 Assemblage looked into business models to consolidate their legal structure that would not only give Assemblage legal capacity to participate in formal contracts like the lease of the NewARC space but also give them access to donor funding. If they were to become a for-profit they would need to sell art, in essence become a gallery, and this model did not suit the approach nor the spirit of their mission. They chose to become a non-profit trust with Pokroy, Van der Bijl and Johnston as the trustees. They chose this model as a way to give Assemblage legal status and they saw the opportunity to apply to the National Arts Council and other grantmakers as a 'pleasant side effect'.

Pokroy and Van der Bijl donated all the time and work for setting up Assemblage and NewARC. While there is no clear financial value listed for their efforts, it can be estimated that their efforts have been worth at least half a million Rands in the past three years. They approached a variety of small supporters who would provide space or sponsorship for their workshops, and it was only at the beginning of 2013 that Assemblage started to apply for funding from grantmakers and they kept the applications small in order to facilitate their projects.

In their interview, Pokroy and Van der Bijl maintained that they could sustain their workshops without the studios or the fixed space or external funding. NewARC's overheads are covered by the artists' rent. They have received funding from the African Arts Trust. Robert Devereaux of the Trust informed Assemblage that South Africa is low on their priority list, but the trust accepted the modest application for funds from the trust, offering partial bursaries to artists for shared studio space. VANSA/Africalia also supported Assemblage with a renewable internship. Further support from BASA was invaluable, as they provided business strategists that were very helpful.

Assemblage applied to the National Arts Council in 2013, but on discussion with other NPOs feel that they would prefer not to develop reliance on state funders. They feel they should pretend that funders aren't there except for

projects, but otherwise Assemblage has a broad diversity of supporters for short term funding. They have experienced few, if any, demands for sustainability.

Assemblage in terms of the 5 'R's:

Reliability - According to the coordinators, Assemblage was largely compliant. They were awaiting certain formal documents, but said this was due to the long waiting periods from government institutions. They were concerned with the apathy of artists and their broader constituency, and they found people in the visual arts community did not contribute in a sustained or consistent manner. They were struggling to find people who were willing to volunteer their time. There were short-term examples where the artists took initiative, but it was difficult to convince them to be a part of Assemblage's sustainability.

The plans for Assemblage were detailed for the upcoming year (2013) but they were confident of their 5-year position. New workshops were 'up in the air' as they were researching them at the time.

Keeping the organisation compliant was taking its toll on the organisation and they were considering the need to employ an administrator to keep the organisation in order.

Reputation - For a young organisation, Assemblage's reputation was good. This stemmed from an effective use of electronic and social networking mediums, as well as the passion of the coordinators.

Relevance - While similar to the Bag Factory Artists' Studios in concept, there is still need for Assemblage's efforts and the NewArc Studios. Attendance at their events and the rental of studios proved there was a market for their services. The duplication of the organisations creates a positive competition where both can learn from each other. Relationships between Assemblage and the Bag Factory seem to have been mutually beneficial, and both organisations learnt to draw from each others experiences.

Resourcefulness - The coordinators were confident in their ability to get project funding that, for example, offered payment to coordinators. Sponsors included PRIMI who offer pizza's at their exhibition launches, and Rand Merchant Bank supported research for their workshop programme. Patrons were brought in for small events at NewARC. In-kind donations were also given to Assemblage in the form of equipment and materials such furniture for their offices and a large amount of Lino that they redistributed.

Assemblage had considered a number of income generating ideas, including a dark-room and an infinity curve in a space for digital work, however they realised these would all be expenses rather than generate income. They were starting a printing studio in order to generate additional incomes. They were also considering membership programmes and an online shop.

Reserves - It was necessary to dissect Assemblage's financial statements for 2013. They boasted a surplus of R98 113 for the year, a notable achievement for a young organisation. As there was no requirement for the company to declare the in-kind donations they received, the surplus was a full disclosure, but excluded the value of the current assets they have available to them and as a result the stated surplus may be too low.

It is unclear from their financial statements where the grants that contributed towards their surplus came from. The amount received from grantmakers listed on their financial statements was R360 355, but there was little clarity how they came to this number and who provided the grants. It was fair to assume the amount also included incomes from other payers such as rent and fees for services rendered. R50 310 of this amount was also tied up in accounts receivable, which meant rent payers or other debtors owed half of the stated surplus, making the amount of R55 973 in cash on hand a more reliable indicator of their actual distributable reserves.

The bulk of Assemblage's assets were in bank accounts and investments that during the period produced minimal interest and there was no listing of assets so the reserve total was analysed at R55 973. Offset against the annual expenses of R262 371, it meant the organisation's operating reserve ratio was at 21%, a very healthy position in terms of the organisations sustainability.

As a young NPO Assemblage was doing well. They had good social capital, and were following a business model that generated income and avoided the dependency on grants.

The greatest threat to Assemblage was its dependency on Anthea Pokroy or Louise Van der Bijl. It would be unrealistic to expect the two coordinators to maintain their donated time and services to Assemblage indefinitely, and should they leave the organisation, or demand a fair wage for their time, the trust would need to rapidly restructure in order to avoid a financial crisis.

4.6 SUMMARY OF THE STUDIED ORGANISATIONS IN TERMS OF THE 5 R'S

This section consolidates the case studies in terms of the 5 R's in order to create a broader sense of the VANPO environment in Gauteng. I have summarised their position by following common trends.

Reliability

On the whole, managers of the VANPOs strove to be reliable. The interviews regarding the Johannesburg Art Foundation, the Bag Factory, Assemblage and Artist Proof Studio showed that they have attempted to remain compliant, although this had been increasingly difficult over the past two decades. The NPOs commented that compliance issues were tedious and time consuming, demanding the continuous badgering of official institutions, be it funders or official registration bodies, to fulfil their requirements. The inefficiency of institutions such as CIPC, DSD, DAC and the National Lottery Development Trust Fund were expensive to the organisations in terms of time and the limited resources the organisations had. At the time of the research these Gauteng based VANPOs were fortunate to have easy access to these institutions, and to have access to the skills required to deal with the complex demands of each of these institutions. However many remote and smaller NPOs will struggle to fulfil these requirements.

Another key challenge to the reliability of these small organisations was staffing them. The dedicated teams that ran Artist Proof Studio, the Bag Factory Artists' Studios, and Assemblage worked diligently and very hard for moderate reimbursement. All were aware of the constant struggle to sustain their organisations, and the taxing effect it had on their morale. This meant

that, over time, their passion and commitment was likely to be undermined and retaining valuable team members was challenging.

Reputation

While reputation could be an asset when securing grants, it did not secure the sustainability of the organisations. The Johannesburg Art Foundation closed with a very strong reputation. A decade after the foundation closed some of the foundation's supporters still felt that the organisation could have survived on its reputation alone. The Artist Proof Studios and the Bag Factory had strong reputations within the arts community. Having existed for over two decades, and having consistently provided opportunities and resources to artists, these two organisations continued to be important and significant in the national arts scene. Numerous artists gained international careers at these organisations, including Kentridge, Kay Hassan, and Sam Nhlengethwa. Many other artists benefitted and grew from association with the organisations. Assemblage was a young non-profit, gradually developing its reputation and maintaining strong relationships with other non-profits in Johannesburg. Once again, their reputation was useful in the process of acquiring support, but was unlikely to economically sustain the organisation.

Relevance

Within the structure of this research, where relevance was the impact and pertinence of the VANPOs projects, all the case studies showed that the organisations were highly relevant, even those that closed. The demand for art projects and support structures for artists remained high.

The apparent lack of audience support for the arts, and the small arts community was concerning. This diminished the impact of many good projects. The expectation of grantmakers that the VANPOs would create jobs in an industry that struggles to support its existing human capital was optimistic. Stakeholders needed to consider whether these demands were a fair expectation of small organisations focussed on creativity.

Resourcefulness

All the non-profits have shown a great deal of innovation and effort to improve their sustainability. They have managed to raise funds to help them survive from income generating programmes that are independent of their

non-profit objectives. Artist Proof Studios ran their auctions and dinners, the Bag Factory held 'Picnic Blanket Fundraisers', and Assemblage maintained a high level of small partnerships and sponsorships to encourage audiences and to run individual projects. They also adapted to the new administrative structures required of them and seemed flexible enough to adjust to new challenges.

Reserves

Generating reserves proved to be the most challenging of the 5 'R's. Reserves of the VANPOs vary depending on the availability of funds or the success of their fundraising efforts. The Bag Factory, which had strong reserves in 2008, saw them gradually whittled away as their access to international grantmakers diminished. Assemblage's 2012 financial reports reflect cash savings of approximately R56 000, a good start, but a great deal of this reserve was the result of time donated by Anthea Pokroy and Louise van der Bijl.

Reserves for these organisations tended to be kept in cash or bank related investments. The reserves were generally small to insignificant, and compromised the sustainability of VANPOs. All felt that generating reserves was challenging.

The APS stands out as an exception. They built solid reserves through their auctions and sales. From their experience with the MAPPP Seta, the APS chose to reduce its dependence on grantmakers and to generate income when and where possible without compromising their mission. Using the skills and facilities they had, they proceeded to create a hybrid between a profit model and a non-profit model. This approach allowed them to accrue reserves approaching R3 million by the end of 2013. These reserves were allocated to maintenance and repair, as well as contributing to the organisation's sustainability.

The only VANPO to own its premises was the Johannesburg Art Foundation. The building provided a vital reserve for the foundation, enabling the organisation to close down responsibly. The other VANPOs were tenants. The APS was a tenant of the Johannesburg Development Agency, and the Bag Factory and Assemblage were tenants of private owners. They were all

dependent on the goodwill of their landlords for cheap space. This means that their reserves were largely in short-term investments, and kept easily accessible to deal with every-day crises.

CHAPTER 5: ARGUMENTS

At this point the document has explored readings, studied a selection of VANPOs and attached interviews to inform the research objectives to:

- contextualise 'sustainability' within the framework of VANPOs
- identify and examine ways in which VANPOs have tried to improve their sustainability in the past decade; and
- identify the key factors that have encouraged or undermined the sustainability of these VANPOs.

This section considers these objectives incorporating the evidence collected and including additional points from the interviews.

5.1. THE DEFINITION AND USE OF THE TERM 'SUSTAINABILITY'.

All interviewed understood that sustainability, while largely being an economic issue, is more complex than just the survival of the organisation. Sustainability is tied to the relevance of the organisation and its projects, and the impact these projects have on the community. It is 'about growing the capacity of the organisation to participate constructively and actively in the community' (Maccullum 2010). 'It is about a community and its vested interests of people and other organisations in the generation of 'products and services' through activities' (Gaylard 2011). 'I think sustainability implies other things. … the sustainability of a concept is as important as the sustainability of a project. It can also link to what the organisation's relevance and value is. From the organisation's perspective it relates to its space, its relevance and what has value. Beyond the money funders provide the project should prove it can continue' (Kreutzveldt 2013).

While there was generally consensus regarding the term 'sustainability' the respondents also agreed that funders and politicians have jargonized the term with little attention to its feasibility or implementation, leaving this in the hands of the VANPO. As Cara Maccullum (2010) of the APS said:

> Funders have generally expected the organisation to come up with it's own sustainability strategy and have rarely offered the organisation definitions or criteria for the expectation of sustainability. Organisations can work towards being sustainable by moving the organisation away from dependence on donor funding.

Sustainability as a term, while largely understood, has been used without clear definition. The general assumption by grantmakers is that VANPOs will

have a mutual understanding of sustainability and implement sustainable projects without requiring a clear definition of what the grantmaker considers a 'sustainable project'. It falls to the VANPOs, as specialists in their sector, to define their sustainability and to take the initiative, and clarify how they intend to be sustainable.

5.2. IDENTIFYING AND EXAMINING WAYS IN WHICH VANPOS HAVE TRIED TO IMPROVE THEIR SUSTAINABILITY IN THE PAST DECADE

The VANPOs have been cautious in the development of income generating programmes. Income generating projects may not be funded and it can be imprudent for them to use their limited reserves to cover the risk for the projects. The lack of human resources, suitable business staff and skills for these endeavours has also hampered their efforts. This can be seen from the case studies of the Bag Factory and Assemblage.

When implementing income-generating programmes the VANPOs have generally remained within their area of expertise, focussing on ways to monetise the results of their projects. From a superficial exploration of the VANPOs, the most successful income generation has come from the sales of artworks. According to the APS 2013 annual report, 48% of their income came from the sales of artworks. In the same period the Bag Factory declared 16% of their income from art sales.

The APS auctions and the Bag Factory's fundraisers have brought in a good percentage of sales from works donated by established artists. Unfortunately artists have only limited works to contribute to auctions and the art buying audience is small. Many patrons also attend auctions because they want to get a good deal. As a result sales from auctions prove highly unpredictable. There is also evidence that the auction market is starting to take strain as more and more art auctions are being held to raise funds for NPOs from all sectors. It must be noted that the income statements did not have sufficient detail to eliminate income from the sale of donated works, which may not be a sustainable form of revenue.

The portion of income from grantmakers and donors remains high. Of the organisations studied, the APS secured the lowest percentage of donor

funds, with only 50% of their income received from grants. Each organisation shows a broad range of supporters but many of these are small grants. Government and the National Lottery contributed the bulk of funds. The general diversity of supporters indicates a healthy position on behalf of the organisations' sustainability, but it is also clear that there is a dependency on a small number of key government grantmakers.

5.3. IDENTIFYING THE KEY FACTORS THAT HAVE ENCOURAGED OR UNDERMINED THE SUSTAINABILITY OF THESE VANPOS.

Factors encouraging sustainability efforts

The VANPOs in the case studies were aware of funders' priorities, requirements and limited time periods. In the case of the APS and the Bag Factory the organisations worked around these limitations in order to pursue their missions. They were all aware that funding was limited, but none more so than Artist Proof Studio who had to adjust to the sudden withdrawal of support from the MAPPP Seta. In the case of the Bag Factory the lesson was learnt through the slow receipt of funds from the Lottery. On the advice of their fellow VANPOs, Assemblage intended to keep a wary distance from grantmakers.

The leadership of each VANPO, whether staff or board members, offered passionate and loyal support for their organisation. In the case of APS, Kim Berman continued to offer guidance as a member of the board. Despite financial challenges, Sara Hallatt and her team at the Bag Factory continued to work towards its mission, and Anthea Pokroy and Louise van der Bijl of Assemblage offered their time and services almost free of charge. Each of these groups had a network of people who were either artists, art supporters or people who believed in the organisation's mission and continued to help the organisations remain solvent and relevant.

The relevance of each VANPO helped them to remain sustainable. Being relevant meant that the organisations' immediate networks and broader community offered support, either by buying work or attending fundraisers or just offering positive word of mouth. In order to encourage these networks, each VANPO remained active, maintaining their momentum and constantly running events that kept them in the public eye.

The organisations endeavoured to adapt to the constantly changing environment in Gauteng. Assemblage, the Bag Factory and Artist Proof Studio had a presence at Joburg Art Fairs and Turbine Art Fairs, where they presented projects and sold artworks. They also adopted digital mediums, using websites and social media to market themselves and their efforts.

Lastly, the transfer of projects, funds and skills from one VANPO to another saw their missions sustained beyond the lifetime of the organisation. Artists from the Johannesburg Art Foundation transferred a great deal of their ideas and practises to the Bag Factory Artists' Studios and the JAF continued to be acknowledged by the Bag Factory, including an exhibition entitled *Controversial Ways of Seeing* held in 2014. Assemblage, while a younger and independent organisation, learned from the Bag Factory and developed their own methods for dealing with the challenges facing the industry. The Joubert Park Project transferred some of its projects and remaining funds to Keleketla!.

Factors undermining VANPO sustainability

The key factors that have undermined the VANPOs' sustainability efforts related to the VANPO's limited capacity to make their projects profitable. Other factors include dysfunctional government support, complex compliancy demands, and limited public support for the arts.

The VANPOs studied have very small staff compliments, especially the Bag Factory and Assemblage. The Bag Factory had three full time employees and Assemblage had three volunteers and had recently employed an administrator. These staff were required to initiate, oversee and report on projects of the organisations, as well as make sure the organisation remained accountable, compliant and solvent through income generating programmes and projects. At any point in time these organisations were waiting for responses to proposals while running projects and creating new ones.

Resources available to the VANPOs for staffing seemed to be limited. Francis Faller recommended that the VANPOs avoid taking on full-time entrenched staff who will expect long term employment, pensions and retrenchment packages. He recommended the organisations only employ staff on a contract and project basis.

Maintaining skills and staff in the sector proves difficult as the skills are specialised and staff movement undermines reliable delivery. As Hallatt (2013) said:

> There is little legacy planning in our sector. It haemorrhages skills every time someone skilled leaves. People often leave just because the NPO salaries are low. The idea of training in the NPO sector is very ad-hoc. A three-hour session with BASA is not enough. They should be sitting down with people to train them thoroughly.

The low salaries and complex demands on the managers did not encourage highly skilled people to the sector. According to Hallatt passion and loyalty were what retained staff, but at a price:

> It is terrible to feel guilty about your own salary while you are still under pressure to work harder for limited remuneration. I think it's a kind of torture. It is very hard to keep one's morale up. I read about 'the progress principle' that is about how people feel about their work. It talks about the ability to make progress. In an organisation like ours, which has sent out over 100 proposals without success, we make no progress. Our staff are super-committed to what they do, but without progress, for a business that none of us own. It's not like we started it and are prepared to work endlessly for it…. The panic and the stress in non-profit work is not helpful. It's exhausting not knowing whether you are going to be paid at the end of the month, or knowing you are not going to be paid at the end of the month. Not paying yourself so other staff can be covered. It will be a bad day if we cannot afford any of our present staff, or the other things that are needed to keep the organisation afloat. Getting money for salaries is difficult. I think that people think that projects can be run by themselves, should be run by themselves. Take the people out of these organisations and what do you have left? (Hallatt 2013)

With these statements there is a clear concern that VANPOs rely on the skills of their middle and senior staff and, not being able to pay large salaries, need their loyalty. Retaining quality staff can prove difficult, but this problem is not only found in NPOs, but in associated Government departments as well.

> Important knowledge is lost and instead the next regime of government often brings with it a new set of officials who are drawn from the corporate sector and adopt a conservative economic policy and will only consider proposals that are so called economically sustainable; in other words, projects are only valuable if they generate their own income and show profit. The result is that visual arts and arts education proposals get slashed, and organisations that need substantial funding to train and teach thousands of pupils in hundreds of schools, suddenly find themselves receiving a token grant of R60 000, where the year before they may

> have received a million rand to run their organisation. This model cannot ever promote sustainability. In the current government dispensation the damage to the arts organisation is primarily caused through corruption and mismanagement. One only has to refer to what the MAPPP SETA did to destroy many thriving arts programmes. And yet, because arts organisations are creative, innovative and imaginative; they have the skills to make alternative plans that all NGO's can learn from (Berman 2012).

From personal experience, and from the interviews, it was clear that the temptation to start new projects for the purpose of catering to grantmakers objectives to secure new grants was high, and could prove costly. Likewise, sales and profit centres needed to be considered carefully in terms of the resources available to the organisation if they were to support the organisation rather than undermine it. Both the Bag Factory and the APS's education programmes encouraged grants, but were expensive and could become a drain on organisational resources if they don't receive funding, and while demand for the programmes was high they were rarely profitable.

The relationship between government and NPOs remained tenuous. During an interview with Joseph Gaylard[11] in 2011 he succinctly outlined some of the complexities of sustainability in the funder-NPO relationship:

> I think one of the very damaging applications of the word 'sustainability' in the South African context has been the way it has been used within the arts and cultural sector, from the corporate world on the one side and from the government on the other. Sustainability in the arts is somewhat different to standard models.
>
> The governmental perspective is largely that, when funding the arts, government is offering startup finance that will become self-sustaining on a normal business model, and through generating income the project will hopefully achieve profits to continue. The arts are not straightforward businesses and this means that this model doesn't necessarily apply.
>
> Non-government funders often give organisations money in order to help them attract further funding. What inevitably happens is that organisations get short-term grants, of one to three years, with the expectation that they will use the

[11] Joseph Gaylard was a core member of the Joubert Park Project. He became the director of the Visual Arts Network South Africa in the mid 2000's where he initiated numerous research projects. During this time he was also responsible for the project development, research design and numerous other factors of the valuable 2010 HSRC research report into the visual arts sector in South Africa. At the time of this report he had just been appointed Head of the Johannesburg liason office of the Swiss cultural development representative Pro Helvetia.

> funds to get the attention of other funders to come on board. Unfortunately the majority of the funders share the same assumptions of sustainability, and this creates a catch 22 situation where people are constantly having to convince funders that they have other sources of sustainable support. The reality is that there are almost no funders that will fund an organisation for an indefinite period.
>
> To some degree, independent arts organisations are doing a great deal with very little. They are sustaining themselves in a way that is far more effective than, for example, institutions that while underfunded have stable core funding. Independent organisations are constantly in dialogue with the impact they are making. This may be because they are in a less comfortable position.

With little support from municipalities and provinces it stands to reason that arts organisations will approach the national bodies of the NAC and the NLDTF rather than struggle through the dysfunctional structures of the city or the province. This meant that the NAC was flooded with proposals for small projects from around the country. Monica Newton, who was Chief Executive Officer of the NAC in 2013 stated:

> Our system is broken. At the moment all roads lead to National funding, because the local funding or provincial funding is inadequate. If all three spheres of Government had appropriate financing mechanisms throughout, the national pot would not be so heavily subscribed. … Cities do support their projects, but there is no financing option available on a local level. NPOs in Newtown get support from government in terms of their cultural rent. While this is more than most cities in Africa, it isn't much. Provincial resources for the arts are small and are fading. When [Barbara] Creecy was head of Gauteng she had R14 million to distribute. I think its now down to R3 million. Gauteng has supported small platforms.
>
> People are looking to local and provincial for project funding and looking to National for ongoing funding. It should be the other way around. It is in the locality that the organisation makes its biggest impact. On national level it is very hard to see a single organisation, and once we give to that organisation there are numerous counterparts who will also deserve funds (Newton, 2013).

Monica Newton became Deputy Director General of Arts, Culture, Promotion and Development with the Department of Arts and Culture in 2014. In her interview she situated the visual arts as a minor player in the overall arts sector, but a sector that has caused the State some concern. The lack of racial transformation and scandals in the sector gave a poor impression of the visual arts and the sector's capacity to work with government. In addition, she explained that there are too many arts NPOs in South Africa competing

inefficiently for the same resources. However, she also felt that the State's system had failed to fulfil the objectives set out in the White Paper of 1996. The paper endeavoured to cut back on the large institutions put in place during apartheid, but since then more institutions have been created, consuming 80% of the department's resources. A further failure of the system was the limited grantmaking structure, which had not been revised since it commenced.

In terms of the overall environment Newton felt that there were too many NPOs duplicating each other's efforts in an inefficient manner as each duplication required its own resources and administration. She described a Darwinian environment for NPOs where the most innovative and flexible organisations would survive while the less competitive should close.

Newton also recommended that the NPOs should work together to submit joint applications with long-term results in mind. This idea was supported by Steven Sack, who was employed in the position of Director: Arts, Culture and Heritage in the City of Johannesburg. He believed branding and resources would be more effective in a few large central institutions rather than a scattering of small organisations that duplicate each other's purpose.

VANPOs generally agreed that state agencies – including the MAPPP Seta, the DAC, the NAC, and the National Lottery – hampered the sustainability efforts of organisations by creating expectations for funding and then delaying or cancelling funds. In some cases this happened even with contractual agreements promising funding. For example, in 2013 the Bag Factory was still a year away from completing a '3 year' contract with the National Lottery that had been issued to them four years earlier. The delays, according to Hallatt, were caused by the extensive time between reports and instalments. It could take the National Lottery longer than six months to pay out a half-year instalment.

Apart from lack of funding, dysfunction in local municipalities could have a considerable impact on VANPO sustainability. In the cases of the Johannesburg Art Foundation, the Joubert Park Project and the Bag Factory there have been crippling difficulties experienced with billing from the City of Johannesburg. The City had a poor reputation for resolving problems,

responding to queries, and seemed to have little time or resources available for NPOs. Even the Johannesburg Art Gallery, which belonged to the city, was in dire need of repair in 2014.

The Gauteng Province supported the projects of the Artist Proof Studio, the Bag Factory and VANSA, but only through Artlogic – the private company set up to run the Johannesburg Art Fair. Except for the art fair, funding from Gauteng was limited.

Sustainability was also impacted by the weight of compliance. The requirements for compliance are frustrating, time consuming and expensive for small organisations like VANPOs. Monica Newton explained that Government Funds are limited and demand for them is high. She took a tough stance saying:

> Government funding should be difficult to get because of the compliance issues. If you don't want to play in [government's] pond go and play in another. This is non-negotiable, this is not a social grant. There must be tax clearance and those sort of things. We do need to recognise, especially for visual artists who are not writers, that the written word is not their medium. I'm very interested to see what cell-phones and digital mediums can do to help electronic applications and accessible mediums. We need to create different tools that allow people access (Newton 2013).

In contrast, Steven Sack, feels that the State's execution of and expectations for compliance have led to an idle practice of ticking boxes:

> South African government institutions are driven by compliance and governance, and compliance and governance are measured by annual audits. The instrument of auditing is not particularly useful to the arts as it is not measuring outputs, it is simply measuring compliance against regulations and rules, and performance against financial inputs that come into the organisations. Often you will find that they can't quantify the outputs or are unprepared to audit the outputs of the organisations. For example selling tickets to a theatre, it is hard for them to vet these aspects. Because they are compliance driven, they will give you just enough money to have a building and secure the collections, and then they can tick off a box in their list (Sack 2013).

The perspective of the VANPOs is one of frustration. With a small team and numerous projects to maintain, keeping the Bag Factory compliant to SARS, CIPC, and the DSD absorbed a lot of time and resources. Sara Hallatt of the Bag Factory explained:

> With the National Lottery delaying and delaying, with CIPC and DSD losing our documents and delaying, with people constantly having queries, but never asking, that is not reliable. The overall environment on a national level is touch and go. We now have to commence on a rates battle with the City of Johannesburg, and we can expect to wait in queues for years with no results… It's about endless phone calls and emails. When you continue to make no progress you become despondent. It also requires a lot of skill. It's fine for me with English as my home language, but what about NPO workers in deep Kwazulu Natal…. I expect I spend at least 30% of my time running around sorting out administrative governance issues. So that's CIPC, banks, auditors, and bookkeeping. It's 30% of the time that I could be spending planning and implementing sustainable projects or other priorities. In other words, the governance issues are expensive. This takes so long because the government departments impacting on our efforts are inefficient and they themselves lack capacity (Hallatt 2013).

Compliance does not guarantee funding, and in some cases, failure to comply was ignored. As Sack said, the compliance requirements give bureaucrats boxes to tick off, but rarely considered the real impact or the value of the work in the projects. Impact assessments were also problematic as it was very difficult to quantify the impact of an artwork, or the projects that aimed to benefit artists and students.

The time consuming and complex compliance requirements from funders and the registration and tax authorities was concerning. The gradual but insistent increase of legal and administrative requirements in order for these small NPOs to remain compliant was not reflected in the decision making of state related bodies who failed to keep to their own simple funding schedules. The complex requirements saw increases in administrative efforts, and resulted in the need for more skilled staff and increased the cost of managing funders' projects when the available funding for managing projects has not been improved. Further research into these costs and possible alternatives should be considered. These can include decreasing the administrative requirements or offering greater budgets for overheads such as auditing and compliancy.

When applying for grants and funds, the balance of budgets and timing could be precarious. Grantmakers usually required around six months to decide on which projects to support, but often only supported projects that spanned a single year. Almost all funders expected other sources of income to

supplement the projects. This meant that planning and fundraising for projects needed to be implemented at least a year in advance, and the process of applying for funds and then waiting for responses was time consuming and emotionally exhausting for those involved. Proactive planning was also hampered by the unpredictable and short lead times between calls for proposals and submission deadlines. The goals of funders often changed, further complicating attempts at forward planning.

Unsurprisingly the VANPOs in question have shown a tendency to overextend themselves and their commitments. In an environment that stresses 'new' ideas and projects a cycle of new costly initiatives that rarely break even can develop. The expectation to get multiple sources of funding for each project, together with constant delays in funding disbursement, makes it harder for these projects to be sustainable. Expecting organisations to manage the contradiction between starting new projects while emphasising sustainability of old projects with the same limited resources is unrealistic.

The three staff at the Bag Factory, for example, was maintaining 5 consistent programmes as well as the management and compliance requirements of the organisation. In order to generate income they were endeavouring to include a sixth project – an income generating materials shop. The Artist Proof Studio increased its staff in order to maintain its projects and improve its sustainability, but in the same year reflected losses. Assemblage, who relied heavily on two voluntary staff members, also accepted grants for new projects that stretched their resources even further.

The VANPOs seemed to offer too much to grantmakers while receiving too little in return. Apart from undermining their own missions in order to fulfil diverse grantmaker requirements, the VANPOs also spread their projects and ideas too broadly and their financial and human resources too thin. Some were showing signs of Gregory and Howard's (2009) non-profit starvation cycle where they were understating their core overheads in order to attain grants.

It was interesting to note that none of the surviving VANPOs in question owned their own property. Any modifications to the spaces they were in would be improvements to another person or institutions asset and this would

hamper the organisation's ability to fundraise for the improvement. It is normally very difficult for a small non-profit to get approval for loans, but a physical asset makes loans more feasible. Having to pay rent would also increase an organisation's overheads.

The Bag Factory and the APS have been making efforts to purchase their own buildings. Generating funds for this is very challenging and relies on long term planning. However the benefits of owning property make it worth the effort. VANPOs would be able to manage and renovate their own properties according to their need, but more importantly they would be able to prove their longevity and use these assets to raise funds to improve their own sustainability.

The relationship of VANPOs with visual artists also can also undermine the organisations' sustainability. From the research it seems that the organisations often struggle to collect fees or rent from their artists and students. Furthermore asking artists to donate time or even show an interest in the organisation's efforts was likely to fail.

In the interview with Assemblage they complained that the apathy of artists and their broader constituency means that the visual arts community don't contribute in a sustained or consistent manner. They were struggling to find people who were willing to volunteer their time. The Bag Factory experienced similar difficulties. The challenges lay in motivating the artists, who had their own careers and survival to think about, to donate their limited resources to the VANPOs. All the organisations endeavoured to find suitable mutually beneficial ways of generating income for both artists and the NPOs. In these cases the relationship of artists and NPOs appeared to be as complex as the relationships between the NPOs and the grantmakers.

Lastly, a core concern for the sustainability of VANPOs was audience development. The visual arts environment in Johannesburg was vibrant and competitive on an international level. South Africa was home to a number of superstar visual artists like William Kentridge and David Goldblatt, but only a small percentage of the general public knew of these international figures. The limited awareness of the general public of the arts in South Africa was extremely concerning.

According to the HSRC report (Hagg, 2010) an estimated 2% of the South African population attended publicly accessible art events. With a decreased emphasis on arts education in South Africa, the low statistic of 2% may be even smaller. As attendance drops, the relevance of the arts projects will diminish and in turn this would pose a very serious long-term threat to VANPO sustainability. Without audiences they will cease to be relevant, and without relevance they will no longer be able to justify their programmes.

CHAPTER 6: RECOMMENDATIONS

After considering the literature, case studies and interviews, this research has identified some areas where the VANPOs and the environment in which they work could be improved. This section describes the typical pattern of grantmaking, identifies some areas that could be improved, and offers potential solutions.

It is generally expected that the VANPOs will have the most direct access to their constituencies. The grantmakers rely on the VANPOs to propose solutions for the social and artistic challenges for their specialised areas. Grantmakers in turn usually see a broader national and international need, and it is not uncommon for them to apply certain broad-based requirements on the VANPOs. Some of these requirements have been employment creation, youth development, women's rights and support for the disabled. It is important for communication between these bodies to be timeous and clear in order for all parties to have effective results.

The objectives, communication and timing between VANPOs and grantmakers reveal a number of problems with the sector. A typical process between VANPOs and grantmakers is described below and can be divided up into the following five phases:

Phase 1: Call for proposals

Calls for proposals are usually advertised approximately six weeks before their submission deadlines, usually with little prior notice. These calls may include limited explanations of the requirements, maximum budget amounts and approximate implementation periods. During this six-week period, the VANPOs are expected to come up with proposals that fulfil the funder requirements and the numerous compliancy demands. A great deal of energy and thinking is put into this process, and the VANPOs generally accept that only one tenth of the proposals they submit will be successful.

Phase 2: Assessing proposals

Once submissions are made the grantmakers will take approximately six months before proposal assessments are completed. This depends on the

grantmaker in question. In January 2015, for example, the National Lottery was still in the process of assessing applications from April 2013, putting their lead-time at over a year and a half. Until the announcement of the grantmaker's decision the VANPOs have no way of knowing whether their plans can proceed or not.

Phase 3: Agreements

Once the project is confirmed, grantmakers draw up contracts, often offering only eighty percent – or less – of the required funds. This is a common practice intended to avoid dependency and to encourage sustainability. In some cases grantmakers also specify what budget items their funding should be spent on. It will usually take around two months from the time confirmation is received till the first tranche is deposited into the VANPOs accounts.

Phase 4: Implementation

After the initial funds are received, the VANPOs are expected to achieve the full results of the original proposal, often in a considerably shorter time and with less money than originally proposed. This phase is where the VANPO can actually do what is outlined in their mission, and attempt to fulfil the funder's objectives.

Phase 5: Reporting

The funds are usually split into instalments. Each instalment period requires a progress report in order for the next instalment to be received. During this phase the VANPOs can try to modify their grant agreement with the funders, but with the threat of further delays. The time between delivering a progress report and receiving the next instalment can be one month, but often may be much longer. The more instalments there are, the more the VANPOs progress will be delayed. A final instalment will often be withheld in order to secure the final reports.

This is a typical pattern for Gauteng based VANPOs. This pattern leads to a number of problems, some of which undermine not only the VANPOs but also the whole sector.

6.1 THE PLANNING DILEMMA

The planning paradox exists between grantmakers and VANPOs, and is a question of timing and communication. It would be ideal for VANPOs to confirm detailed programmes a year in advance in order to implement, market and secure the best possible outcomes. The short notice periods followed by delays in the funding process means that the VANPOs will need to plan two years ahead in order to effectively carry out their programmes.

In practice, calls for proposals for short-term partial grants are sent out with less than two month's notice, often expecting implementation within the same financial year. This results in impossible time pressures asking the VANPO to complete the contracts within an original timeframe that has not been adjusted for the delays. Sometimes funds are unavailable until very late in the plan, which introduces cashflow issues to an already stressful situation.

In the arts, a lot can happen in two years. As a result, the long planning process could result in out-dated and uninteresting programmes, threatening the sustainability of the organisations. With no way of knowing what grantmakers' requirements will be until the call for proposals is received, the VANPOs are forced into a reactive, rather than proactive, strategic position. In this reactive position the VANPOs may try to fulfil the grantmakers' requirements by offering rushed and inappropriate proposals where they commit to outcomes they do not have the ability to achieve.

A possible solution to this dilemma would be for grantmakers to consistently plan and announce their requirements a year earlier than their call for applications, giving the VANPOs the opportunity to be more proactive.

6.2 SHORT-TERM SUSTAINABILITY

The short-term partial-grant process is problematic for the following reasons: firstly, it is unreasonable to expect a VANPO to achieve sustainability when their efforts to plan and implement projects are undermined from the start by the need for further fundraising in order to achieve projects goals. Often additional funding is not secured, resulting in the non-profit losing money to run the programmes, either undermining the programmes themselves or possibly cutting into the NPOs limited reserves.

Secondly, sustainability is a long-term process of evolving and testing business models and ideas in the search for income generating projects. Generally the funding provided is project oriented and neither gives additional support to develop sustainable plans nor provides enough funds to complete the projects in hand. Should the NPO charged with implementing the plan be expected to do so without adequate funds, and should further fundraising be unsuccessful the VANPO will be unable to fulfil the grant objectives. As a result the VANPO will have to cancel the project or manipulate the funds, both of which are risks to the organisation's reputation.

Thirdly, the VANPOs are not in a strong position to set up and manage income-generating projects that sustain themselves. Their managers are usually focussed on the success of arts projects and events, and not on income generation. If grantmakers expect sustainability in their programmes, they would do well to provide financial and human resources to assist the VANPOs to achieve sustainability.

Lastly, demands for new projects divert the focus from existing programmes. The pursuit of these funding opportunities means sustainability, which is a harder problem to solve, takes second place. The new projects dilute the value of established and successful programmes and threaten their sustainability.

If sustainability is a requirement it seems more appropriate to provide startup funding in the initial phases to support a plan for sustainability efforts, which will be gradually decreased until the final instalment is less than the project cost. This approach will set clear expectations that an income generating process will be supporting the project.

6.3 MISSION MANIPULATION

As explained earlier, non-profit organisations are driven by their missions. In the case of VANPOs their missions are related to the visual-arts, not specifically to job creation, the disabled, or the youth. They rely on grants to help them achieve their mission. In order to fulfil grantmaker requirements the small VANPOs who fall outside their funding requirements may make hasty modifications to their plans in order to secure the grant.

For example: VANPOs are small organisations and it is unlikely – possibly inappropriate – to expect a VANPO to create many permanent positions. They can improve the industry by helping artists to appreciate business principles that they can use to create sustainable careers in the arts. But for the VANPO to permanently employ more people would be disastrous for their sustainability.

6.4 FUNDER RELATIONS

The relationship between grantmakers and VANPOs in Gauteng is clearly not symbiotic, with the power and the money firmly in the hands of the grantmakers. Grantmakers hold the purse strings and as such rarely need to negotiate with VANPOs and can delay or deny funding at any time. This means that, no matter how carefully the VANPOs have planned and considered their programmes, they can be undermined by a funder's shift in priorities.

The VANPOs rely on the funders, but the inherent power imbalance between the grantmakers means the VANPOs have limited opportunity to modify grant contracts and budget changes. If the VANPOs query grantmakers' contracts the grantmakers will require time to decide on their course of action bringing about further delays that the VANPO may not be able to afford.

As a result of this unbalanced relationship the grantmakers often act as employers rather than partners investing in a shared future. The grants become more like service agreements where the VANPOs become service providers to the grantmakers. In this competition driven situation there is no shared investment between the grantmakers and the VANPOs and therefore no place for sustainability. If grantmakers want sustainable programmes then they should treat the VANPOs as partners who are equally invested in the goals of the programme.

6.5 BALANCING SUSTAINABILITY

Sustainability can be nurtured through consistent long-term support and the structured implementation of projects that focus on generating income. Steven Sack (2013) believed there were two sustainability models:

> …most institutions that are sustainable is because they have endowments. This is an easy calculation, in which you would need to analyse your monthly costs and see how much in an endowment you would need that would be substantial

> enough to generate interest to cover your costs. This is how most foundations run.
>
> The second model is that you run off your own resources. In Havana, Cuba, a man set up an auction house. His salary is subsidised by the artists. He is effectively their agent and the artists cover his costs and salary. So, for example, the Bag Factory could insist that the artists cover the costs of the manager and the facilities by constructing scenarios such as the endowment scenario, a 70/30 scenario and a 60/40 scenario .

Sack's recommendation has merit if one considers a large endowment put aside with the money well invested. Twenty million Rand earning 5% interest would provide a VANPO with more than enough funds to cover core overheads and compliancy expenses. This secure income would make an enormous difference to the organisation, giving security to staff and allowing them to spend more time on the organisation's mission. To prevent inflation from eroding the endowment, the organisation will still need to raise funds and generate income, but the stability provided by the endowment will allow them to attempt riskier income generating projects and will also make their relationship with grantmakers more equal.

Another consideration is that of the organisations' missions. It would be preferable to be a surplus driven organisation rather than being dependent on the challenging environment of proposals and grants. The mission may also be under threat if the VANPOs follow a more profit driven model. There is the concern that if the focus becomes making money they will eventually abandon their values including generosity, tolerance and social responsibility (Eikenberry and Kluver, 2004).

It would benefit the VANPOs if they were to monitor the balance between their dependency on funding and sustainable income. This could be used as a tool for pricing structures – helping to determine fees and costs of products and services. It will also help clarify the percentage of each project that needs to be covered by grants.

6.6 VANPO BUSINESS PRACTICE

The VANPOs have made efforts to generate income from their activities. Incomes from art sales and auctions have contributed to the sustainability of all three remaining organisations. They are adapting, becoming more

businesslike, and gradually less dependent on grantmakers. They are still cautious in their entrepreneurial activities as they are aware of their non-profit missions.

The hybrid model of the APS offers a path for other VANPOs to consider. By keeping a 50/50 balance between funding and earned income they have leverage to negotiate more effectively with grantmakers. Their auctions and sales have helped them maintain a healthy surplus and their continued sales have helped them expand their operations as well as maintain the surplus level.

The hybrid model does not mean that the APS does not rely on funding, as it still needs money for its bursary schemes and educational programmes, but because of the hybrid model and their reserves, should the funders let them down as the MAPPP Seta did, they will not be forced to close their doors.

6.7 URGENT AUDIENCE DEVELOPMENT

The final recommendation is that all VANPOs embark on urgent audience development drives. Social capital, patrons and audience are vital to the VANPO business model. The organisations' sustainability relies on their reputations and their relationship with their public. This is why increasing the awareness and audience for their programmes is essential.

The statistics of diminishing visual arts consumption and education in South Africa give a clear message that the VANPOs need to actively engage and educate new audiences. NPOs can develop future audiences and buying markets for their products through enthusiastic and constructive promotion of the visual arts across many spheres of South African society. Without these audiences sponsorship will dwindle, funding will be redirected, and any attempt at sustainability will prove fruitless.

CONCLUSION

This research was initiated because I felt the term 'sustainability' lacked clarity in the context of Visual Arts non-profit organisations and their relationships with grantmakers. Respondents confirmed that sustainability has been used by grantmakers without much consideration for what makes a project or an organisation sustainable. There were consistent responses that showed a common understanding of the term, and that sustainability is more than survival. Sustainability is the ability of an organisation to continue fulfilling its mission, running its projects and supporting its constituencies beyond the immediate future.

By conducting case studies with a selection of VANPOs in Johannesburg this research has considered the challenges confronting these organisations. It has analysed their sustainability in terms of the 5 Rs: reputation, relevance, reliability, resourcefulness and reserves. It also identified their income generating efforts that would help them to continue fulfilling their missions in a complex and fragmented environment, and the challenges faced by the organisations in remaining sustainable.

State agencies have had a negative impact on VANPOs' efforts to remain sustainable. Increasing compliance demands, limited communication, and generally poor delivery from institutions like CIPRO/CIPC and the DSD drain an organisation's valuable resources. Local funders are perceived as complex, unreliable and unstable. The long lead times when waiting for the possibility of approved funds undermines VANPO efforts to plan effectively.

The City of Johannesburg and its agencies were destructive for the VANPOs studied. The Joubert Park Project, the Johannesburg Art Foundation, and the Bag Factory all had drawn out disputes with the City. These disputes were key reasons for the JPP and the JAF closing and the Bag Factory narrowly avoided the same fate. The MAPPP Seta's dysfunctional management almost caused the APS to close. The National Lottery has repeatedly delayed funds, causing cash-flow problems for many non-profits including VANPOs. The Department of Arts and Culture was generally accepted as inaccessible or unreliable. Gauteng provincial government were considered unpredictable.

International supporters have largely withdrawn from supporting the arts in Gauteng. The Ford Foundation has confirmed that the arts are no longer their objective as they are focusing on social justice. Since it closed its offices the Kellogg Foundation has had little presence in South Africa. The most prominent international supporters of visual artists have been the Goethe Institut, the French Institute, and Swizerland's Prohelvetia, who have offered small and specific supporting grants.

In response to the funding situation the remaining three VANPOs made efforts to decrease their dependency on grants and generate incomes, mostly from the sale of artworks. By 2014 the Artist Proof Studio had secured a healthy surplus, but admitted that maintaining it was difficult. The Bag Factory Artists' Studios was in the precarious process of weaning itself off donor funding and was pursuing a number of income generating avenues including fundraising events. Assemblage, the youngest organisation, made an effort to steer clear of grantmakers, but in 2014 accepted a grant from Rand Merchant Bank, and may have applied for others. Many challenges of sustainability still face these organisations.

Government, private companies, and donors remained significant sources of revenue for VANPOs. Despite efforts to diversify their income, the VANPOs still depended on grants from local funders to support their programmes.

The most serious threat facing the VANPOs was the diminishing local audience for the arts. Visual arts audiences in South Africa were small to begin with, and the number of people interested in the visual arts was under threat due to a decreasing level of education in public schools. Without the support of the public the VANPOs would struggle to remain relevant. This meant that audience development and visual arts education was a high priority.

Despite the challenges stated in this report, the importance of these organisations must not be overlooked. The APS, the Bag Factory, and Assemblage continued to persevere in a challenging environment. The support of their stakeholders, their staff and their community contributed to their reputations, relevance and resourcefulness, making them important to

the growing legacy of South African visual arts heritage. Despite the challenges facing them, the VANPOs were continuing with an optimistic momentum and positive resolve that was helping them to sustain their missions and support their constituencies for the immediate future, and for this they should be admired.

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INTERVIEWS

The following are transcriptions of the interviews held with stakeholders in the VANPO environment.

The interviews are:

1. Cara Maccullum of the Artist Proof Studio
2. Joseph Gaylard of the Joubert Park Project and VANSA
3. Janet Watts of the Artist Proof Studio
4. Anthea Pokroy and Louise van der Bijl of Assemblage
5. Steven Sack for his time at the Johannesburg Art Foundation
6. Sara Hallatt of the Bag Factory Artists' Studios
7. Dorothee Kruitzveldt and Mphapho Rangoato Hlasane

I have not included their interviews of the interview with Francis Faller who requested I only refer to points pertinent to this research, and Monica Newton, who holds a politically sensitive position with the Department of Arts and Culture. In special circumstances transcriptions of the interviews can be requested from me.

1. Interview by James French (JF) with Cara Maccallum (CM) of the Artist Proof Studios Conducted at Kaldi's Coffee on Wednesday 27 October 2010 - 8:00am to 9:00am

CM is introduced to the subject of the interview and signs the consent form for the research.

Defining sustainability

JF: How do you understand the term sustainability?
CM: Sustainability is not just about keeping organisations doors open, it is also about the NPO's social responsibility. NPO's have a responsibility to the people they represent (the NPO's constituency) and to help those people to achieve sustainability of their own. Sustainability is about growing the capacity of the organisation to be constructively and actively participating in their community.

JF: Where and when have you encountered the term?
CM: From Funders and from the Board of the APS.

Use of the term

JF: Funders have generally expected the APS to come up with it's own sustainability strategy and have rarely offered the organisation definitions or criteria for their expectations .

CM: The APS board has been working towards making the APS sustainable by moving the organisation away from dependence on donor funding.

Economic sustainability

JF: How would you gauge your organisation's current position?
CM: It's up and down. The unpredictability is largely due to funding. We have received only a little funding for 2010, but our strategy to become more independent from funders has helped us maintain and even keel during this period.

Over the past years have you experienced situations that created challenges for your organisation's sustainability?

MAPPP Seta - In 2002 and 2003 we were approached by the MAPPP Seta to set up our education programme. At the time it seemed like a good way to be sustainable. We implemented their accreditation processes and adapted to their heavy administration requirements. We received 5 years of funding from the Seta. On the positive side the Seta grew the APS from a programme that supported 10 students to one that now has 100. When the Seta went into Audit because of mismanagement the funding was stopped leaving APS education programme in crisis. The accreditation was there, but the money wasn't.

Kim Berman has been the visionary of the APS since it started. For her to step back from the APS has proved difficult although she has been trying for some time. She has been the driving force for the APS for so long, but she is doing her doctorate and wants to focus her attention elsewhere. She has always been on call.

(Cara is also leaving APS and expresses concern about who will be able to replace her in her position.)

The Fundraising Auctions and Dinners:
CM: To overcome the crisis created by the MAPPP Seta's audit the APS approached everybody they could on their network for support and donations. The APS had also developed a collection of artwork and approached established artists to produce work for an auction. The auction was a great success, from which we raised just under R1 million.

In 2010 we held a dinner and sale of some prints donated by William Kentridge. 100 seats for the dinner were charged at R500 each. We made approximately R1,5 million most of which has been allocated towards our sustainability efforts. Kentridge stated at the dinner that giving his work was based on his personal need for the studios professional lino-printing facilities and that the donations were not completely unselfish.

Organisational Structure:
The APS has been separated into business units. Some are very stable, such as the Print Studio unit and the gallery make small profits which contribute towards maintaining other aspects of the organisation. The education programme and outreach still rely on funding. We have grown since I started in 1999 when we had 3 staff and no printers. We now have 35 staff who are all ex-students.

Our board is made up of professionals outside the NPO and arts sector. The skills and perspectives they bring in are enormously valuable. They have an advisory committee underneath them.

Facilities:
In 2004 the old APS building burned down and we lost almost everything. The Johannesburg Development Agency offered us a space in the Bus Factory from the insurance on the old building, which we could modify towards our own use. Having a space that is designed to cater to our many business units has been vital to the sustainability of our organisation, as we could offer educational progammes to students while not impacting professional space for artists prints. This helped us develop professional staff with good attitudes.

Funder Relations
Have any funders required sustainability of your organisation or contracts?
In general funders have wanted evidence of sustainability and a plan for future sustainability once they withdraw funding. The Ford Foundation gave the APS core support funding for 3 years, extended to 6, to help develop roles and structures within the organisation. Johnson

and Johnson have also given us funding to help build capacity alongside our education and advocacy programmes.

What has your success rate been in terms of CSI in South Africa?
Generally private corporations have required a great deal more work from APS than they actually provide funding for. In order to tap into the local CSI budget we started the corporate patron programme in which the companies offered approximately R12000 per student. They require they get four artworks from the student at the end of their programme. We have also been asked to be a part of corporate functions where the companies show us off. These have been valuable as they helped us increase our pool of CSI supporters.

JF: On a scale of 1 to 10 how seriously to you take these demands for sustainability?
CM: We take the demands seriously, probably about 7/10. Our Autonomy is important, because at the core there needs to be a way to generate income.

Has the demand for sustainability ever deflected your organisation from its true mission?
Our board is very concerned about maintaining the mission. Funders are often keen to change the whole way in which the organisation works. For example the MAPPP Seta accreditation forced us to change our structure to suite theirs. Many NPOs just see the money and not the impact of the overall contract.

JF: What would you like to see as a finding or recommendation of this study?
CM: Primarily it would be nice to have a specific definition of what 'sustainability' is. CSI funders regularly expect NPOs to start projects on a year's funding and keep them running after the funder has left.

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2. Interview by James French (JF) with Joseph Gaylard (JG)
Conducted on Saturday 12 November 2011 at the Johannesburg Art Gallery

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Joseph is introduced to the subject of this research and the method explained

A: Defining Sustainability
JF: In your thinking, how do you see sustainability as a term, how do you see it applied?

JG: Starting with the short obvious answers sustainability is jargon that has been used in various meaningful and meaningless ways, it is the capacity to maintain and build a set of activities. It isn't just about money, but is about the meaning and relevance of these activities.

JF: In terms of meaning and relevance, what makes a project relevant?
JG: It is about a community and its rested interests of people and other organisations in the generation of 'products and services' through activities.

B: Use of the term
JF: You referred to sustainability as jargon and 'meaninglessness'. Can you elaborate on this?
JG: I think one of the very damaging applications of the word 'sustainability' in the South African context has been the way it has been used within the arts and cultural sector, from the corporate world on the one side and from the government on the other. Sustainability in the arts is somewhat different to standard models.

The governmental perspective is largely that, when funding the arts, government is offering startup finance that will become self-sustaining on a normal business model, and through generating income the project will hopefully achieve profits to continue. The arts are not straightforward businesses and this means that this model doesn't necessarily apply.

Non-government funders often give organisations money in order to help them attract further funding. What inevitably happens is that organistions get short-term grants, of one to three years, with the expectation that they will use the funds to get the attention of other funders to come on board. Unfortunately the majority of the funders share the same assumptions of sustainability, and this creates a catch 22 situation where people are constantly having to convince funders that they have other sources of sustainable support. The reality is that there are almost no funders that will fund an organisation for an indefinite period.

To some degree independent arts organisations are doing a great deal with very little. They are sustaining themselves in a way that is far more effective than, for example institutions that, while underfunded, have stable core funding. Independent organisations are constantly in dialogue with the impact they are making. This may be because they are in a less comfortable position. There has been very little interrogation into the sustainability of publicly funded institutions.

The Joubert Park Project

JF: Can you tell me more about the Joubert Park Project?

JG: The JPP was set up as an independent project between a number of active arts professionals including Bie Venter, Dorothee Kreutzfeldt, myself, Keren Ben Zeev, Merryn Singer, Terry Kurgan and Joe Ractliffe. The Drill Hall was captured as one of the objectives of the trust, but the JPP is an arts practice with a public art focus. The JPP is now in the extended process of winding down.

Space at the drill hall was offered to the JPP by the JDA in around 2003. They shared the space with three other 'tenant' NPOs. The JPP had been informally located at JAG, and this was an opportunity for the JPP to have a physical space. Unfortunately, while we were offered a great space, we were not provided with stable institutional arrangements. Between the City and the JDA as an agency of the Johannesburg Property Company (JPC) there was a complete failure to do any long range planning regarding the upkeep and maintenance of the Drill Hall site. This included a lack of lease agreements, and lack of clarification regarding the responsibility to the City Council for Rates, Water and Electricity.

We didn't assume the City would fund us. We went in with a clear understanding that they were providing a space at a nominal rental, and we were required to maintain the space. Their marketing department did give us seed funding through the JDA for us to launch the site and to initiate some projects. At a later stage we were given a further once-off grant by the JDA of around R300 000 to maintain the space.

Concerns such as billing and tenancy were never sorted out by the JDA or the JPC for the site. We were put in a horrendous position where we had to take on the electricity for the site. We were the only tenant with a signed lease. The JPC had lost their copy of the lease. The other tenants had no leases at all, and with the threat of having the power cut off to our premises we had little choice but to take on the full electricity bill for the site. If we didn't do this, we would have to vacate the site and inevitably this would have resulted in invasions and vagrancy in the space. As a result we opened an account with City Power with which we became responsible for a monthly bill of approximately R25 000 for electricity.

The City Power bills needed to be split across the tenants at Drill Hall, but a lack of meters or sub-metering systems meant that we had little control over our fellow tenants contributions. We ended up taking on a building-manager position, which should never have been our job and was a distraction from our core activities.

JF: I have found that having physical space to operate is invaluable to an organisation. They offered this to you…?

JG: In many ways the City, with the promise of a physical space, has poisoned our efforts,

with a lack of clarity. Mismanagement has, in a number of cases, for example the Lottery, undermined the Non-Profit organisations that are supposed to be supported.

I think the situations vary. We at the JPP are partly culpable as we should have walked away at an earlier stage, and having taken on the full electricity bill for the site was crazy. The Joubert Park Project is now closing down. Keleketla has emerged from the project at the drill hall, and has developed into a programme and organisation which has just been registered. The focus of Keleketla is based on children and contemporary youth culture including music and media.

Building of a human infrastructure. The mistake that government frequently makes is to assume that built infrastructure is going to animate a community, based on an 'if you build it they will come' idea. This has been implemented in disastrous ways across the country.

JF: My readings lead me to believe that the demand for sustainability puts pressure on NPOs to have a profit objective. Some say this is a good thing and sustainability should be built into the organisation's mission and vision, but others have explained that this corrupts the mission of the organisation, distracting them from their objectives. How do you see this?

JG: We shouldn't fall into the trap of the often uninformed and un-nuanced interpretation of sustainability by many government and corporate officials, that is production oriented and about making loads of money. That is a ridiculous idea, but the idea that we should generate income from our efforts is very sound.

The JPP had no income generating efforts, but at VANSA (Visual Arts Network of South Africa), a non-profit in its own right, we have seriously considered ways generating income without undermining our core goals and our constituency. VANSA focuses on research and policy. What that basket will ultimately be…? I see research as a considerable part of it.

An example was a mapping study of contemporary art in South Africa which will culminate in an online, dynamic resource for the visual arts world. This is very much part of VANSA's mission. It results in modest 'profits'.

JF: Has this helped you to generate reserves at VANSA?
JG: Not yet, but it is our intention to grow reserves. We are currently endeavouring to develop a 'financial cushion' so that we don't have to constantly worry how we are going to pay salaries at the end of the month.

JF: If organisations had a consistent fund of perhaps R1000 000 a year for salaries and overheads do you think this would be beneficial?
JG: I do think it will benefit the organisations, but from my understanding of Government policies I am not particularly optimistic about this happening as Government will not want to take on added cultural institutions when it is still sorting out it's current ones. If I were approaching this from a developmental perspective this would really need to be tied to results based on funders mandates. Giving organisations money to 'tick-over' for another year has no outcomes.

3. Interview by James French (JF) with Janet Watts (JW) of the Artist Proof Studios Conducted by James French on at the Artist Proof Studios on Wednesday 12 October 2011 8:00am to 9:00am

JW is introduced the subject of the interview.

A: Defining sustainability

JF: How do you understand the term sustainability?

JW: Sustainability relates to the relevance of a Non Profit Organisation's projects. If the organisation is not relevant to the needs of the community it is unlikely that the projects will be funded.

The reason a Non Profit Organisation is established is to fulfil the need of a community. The NPO is made up of people who have a need that is not supported by the State or private business. In the case of APS there was a need for people who have not the facility nor support to attend a tertiary institution for training, but also as a space for artists to practise.

JF: Where and when have you encountered the term?

JW: The use of sustainability is a fairly recent term, with a need from the State to implement change. A great deal of money, without thinking of sustainability was pushed into the economy to make the change a reality. This included international and private support. Now that we have entered the second decade of democracy everybody is taking a back-step with international support withdrawing and the state wanting to encourage sustained income. The word has grown over the past two decades to mean no one wants to put money into anything that hasn't got a proven track record.

Twenty years ago nobody asked you for a business plan. They said 'Who are you going to help and how are you going to do it?' and if they believed in it they gave us money. Now we have to be much more focused on how we are going to sustain the jobs of people who work for us. Now it's become a foremost thing to consider what will come out of the projects we propose for. It's a form of investment. Corporate Social Investment is a new term, as it used to be Corporate Social Responsibility.

B: Use of the term

JW: Initially most NPOs were not set up to be income generating. They are neither State affiliated, profit oriented nor driven by personal desires. Funders have generally expected the APS to come up with it's own sustainability strategy and have rarely offered the organisation definitions or criteria for their expectations.

The APS board has been working towards making the APS sustainable by moving the organisation away from dependence on donor funding.

C: Economic sustainability

JF: Have supporters offered you any solutions or plans to assist you in becoming sustainable?

JW: I find often that 'clear plans' often come from people who do not understand the core mission of your organisation. Often the advice we get takes our focus away from our core objectives. The advice we get often takes us away from what we are really trying to achieve. We need to seriously look at these ideas and consider them carefully.

From personal experience these ideas often seem to have merit, like merchandising T-Shirts and Cups, but we don't have the skills or the resources to market them. For example the Art Fair was slightly alien as sales pitch. I don't think NPO's are really directed towards sales. We don't have the Market.

JF: How would you describe your organisation's current financial position?
JW: Precarious.

JF: Even with your 50/50 Funding/printmaking income?
JW: Printmaking involves an enormous amount of time, resources and skills. We had a bad time this year because we didn't have a gallery manager. We are not marketers and generating sales is as time consuming as fundraising. We are fortunate to have found a way to generate income. The whole idea behind our education programme is to encourage students to become self-supporting, and we need to do that to. We can't tell students to make a living from art if we can't do it. While it's not detracting from our mission, if we let it go for a minute we will lose it.

D: Board Members
JW: Our Board has been very cautious because of a lack of management in the past, but this year have truly made an effort to say they want us to take over the management, and Delloittes organized someone to allocate the structure of the organisation and where the lines are drawn. It's not simple, nor a set of rules you can follow. We all need to be very aware of where we stand. A strong board can interfere with on the ground functioning, but a weak board can get nowhere, and is not good for the organisation.

E: On Professionalizing
JW: I've seen that many of the NPOs that began started as a form of family rather than a business. We are all being asked to professionalize at the moment. I have looked at the corporate world, and even if you are the most professional business, if there isn't a sense of socialism/family, you are eventually going to fail.

I think that the way NGO's run has a lot of answers for the failing corporate and free market systems because they are family based. We don't have a lot of money so we look for value in people, in their work and in the way they interact. Kim's paper speaks to this, and speaks about how we are very conscious of the need to professionalize. We also must be aware that personalities shouldn't dominate the situation. We must shy away from being too structured in our design.

On Patrons
JW: People who give money are not necessarily in control. I think they may be quite intimidated by people who may change the world, people who reveal the world, so they 'patronize' them. The relationship should be changed, there needs to be a better balance of power between the wealthy and the changes.

Ending Funding
JF: As a grantmaker how would you wean a project off your funding?
JW: Exit Grants. They vary, from gradual decreases in funds to performance based requirements, where funding can be withdrawn if performance is not satisfactory. Funders haven't really worked through this problem, and it is quite complex. The way of thinking needed for a world to sustain themselves and environmental concerns, and that creative thinking is an antithesis to warmongering, giving us the option to see the future.

Investment in the arts is investing in a way for people to perceive a future. Our world has got to a critical situation where we face possibly expiring. Stopping funding for the arts is stopping funding for creative and future oriented thought.

Organisations need to be very careful about who they rely on. I think that smaller grants to organisations are far more beneficial. While you can get a windfall of funding the organisation must remain aware that it needs to have other sources of funding, and keep on working on multiple avenues. J. This also avoids dependencies on grantmakers.

For example - I do not know of one organisation that folded because of the MAPPP Seta crisis. It devastated a lot of them, as they were drawn in, but they were able to continue dispite that. For example The APS was heading for disaster. In 2009? My organisation Creative Voices was given R1,2 million per year. We had no board, and we worked and created a great body of literature. I was offered a continuation through the government in order to revitalize the project, but the accreditation process was destructive, and the result would merely be a hologram added to a certificate. It meant nothing. For other funders MAPPP Seta accreditation was valuable, but the Seta didn't last.

The MAPPP Seta 'learning curve' ended when it should have ended. A bureaucratic mess that the organisation would need to comply with, we had the opportunity to regroup, and we now have a stronger confidence in our methodology.

JF: How do you see the APS becoming less precarious?
JW: The main idea is to keep our eye on the ball and our ears to the ground. My position in Tshikulu gives me a valuable vantage point, where I can watch people from vastly different sectors and see how they think. At the moment the DAC and corporates are talking about Public Art, and the State is interested in that. That's where I can focus. You need someone who is in the funding organisation rather than blindly knocking on doors.

I consider government funding and if you align yourself with government plans the corporates will follow because they want to look good in government's eyes. At the moment government is looking towards the formal sector. We are not going to access international funding for a couple of years because of the recession, and at the moment government will be our key source. The EU's recent call for proposals offered an ethical concern – which is the state not informing us of their objectives.

We need to maintain a voice in government. We need to do something to express our feelings about what we need. In the arts we have the perfect platform to verbalise our needs and wishes. We need to be involved, give our voice. We can't sit in the corner and do our own thing. We have to go to government conventions. We must take those opportunities, so that we don't end up in a position where we feel compromised, and if our government is doing the wrong thing we need to look either at the government or ourselves. We should never feel compromised.

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4. Interview by James French (JF) with Anthea Pokroy (AM) and Louise Van Der Bijl (LVdB)of Assemblage
At NewARC studios, 41 Gwi Gwi Mrwebi Street, Newtown
On 21 August 2013, between 12:00 and 14:00

JF presents the research topic. Louise and Anthea respond:

How did Assemblage come about?
Having completed their degrees in the fine arts and having worked for a number of years, Louise in local galleries and Anthea in galleries in London, both found the lack of opportunities and platforms available to young artists in the South African Art Market frustrating. In 2010 the visual arts environment was split into pockets and in an effort to encourage networking they started their website as an online resource. A virtual network was not ideal as internet access limited the number of people they could access. They wanted to create a structure where they could work with fellow artists to meet and set goals and manage their time in a non-institutional environment, and to encourage businesslike practices that strategically sustain artistic careers.

They started with peer mentoring workshops that brought young artists together in mutual encouragement. As open invitation these informal events the artists choose to be a part of these sessions. The workshops peer-mentoring sessions were hosted in spaces offered to Assemblage, and out of them Anthea and Louise identified common needs amongst their colleagues. With the aim to become a central hub for artists in Johannesburg covering sharing connecting and collaboration by creating platforms. They also aim to show artists that they do not need to rely on the existing gallery system. Mandy Johnston came in to manage the workshops.

Motivated by the need for studio space Anthea and Louise conducted some research and found that of 100 artists 88 needed studio space in Johannesburg. Other spaces like the Bag Factory and August House were usually fully occupied, and were unable to fulfil the demand for studio space. The need for creative space lead to the initiation of the NewARC studios.
In 2011 Assemblage looked into business models to consolidate their legal structure which would not only give Assemblage legal capacity to participate in formal contracts like the lease of the NewARC space. If they were to become a for-profit they would need to sell art, in essence become a gallery, and this model did not suit the approach nor the spirit of their mission. They chose to become a non-profit trust with Anthea, Louise and Mandy as the trustees. The opportunity to apply to the National Arts Council and other grantmakers was a 'pleasant side effect', but not the reason for becoming a non-profit.

Who has supported Assemblage?
Louise and Anthea donated all the time and work for setting up Assemblage and NewARC. They approached a variety of small supporters who would provide space or sponsorship for their workshops, and it was only at the beginning of 2013 that Assemblage started to apply for funding from grantmakers, and they kept the applications small in order to facilitate their projects.

They maintain that they could sustain their workshops without the studios or the fixed space, nor external funding. NewARC's overheads are covered by the artists rent.

They have received funding from the African Arts Trust. Robert Devereaux of the Trust informed Assemblage that South Africa is low on their priority list, but the trust accepted the modest application for funds from the Trust offering partial bursaries to artists for shared studio space. VANSA/Africalia supported Assemblage with a renewable internship.

Sponsors have included PRIMI who offer pizza's at their exhibition launches, and Rand Merchant Bank supported with research funding for their workshop programme.

They are confident in their ability to get project funding that, for example, offered payment to coordinators.

Patronage has come for small events at NewARC. Donations have also come through, for example they have been given printers and furniture, or a large amount of Lino that they redistributed.

Support from BASA's mentorship programme has been invaluable, as they have supported Assemblage with strategic planning from a business strategist.

Assemblage has applied to the National Arts Council, but, on discussion with other NPOs feel that they would prefer not to develop reliance on State funders. They feel they should pretend that funders aren't there except for projects, but otherwise

Assemblage has a broad diversity of supporters for short term funding. There have been few, if any, demands for sustainability.

Threats to Assemblage's sustainability:

Anthea, Louise and Mandy are concerned with the apathy of artists and their broader constituency. They have found people in the visual arts community don't contribute in a sustained or consistent manner. They are struggling to find people who are willing to volunteer their time. There are examples where the artists have taken initiative, but it is difficult to convince them to be a part of Assemblage's sustainability. Should either Anthea or Louise, who donate their services, cease to be involved in Assemblage, there is the possibility that Assemblage will be unable to sustain its present momentum.

They acknowledge the need to employ an administrator to keep the organisation in order.

Efforts to be more sustainable:
Assemblage has considered a number of income generating ideas, including a dark-room and an infinity curve in a space for digital work, however they realised these would all be expenses rather than generate income, and as a result these were put aside. They are presently in the process of setting up a printmaking (etching) studio in order to generate additional incomes. They are also considering membership programmes, in relation to the printmaking workshop, and an online shop.

The plans for Assemblage are detailed for the upcoming year but they are confident of their 5 year position. Workshops are 'up in the air' as they are presently researching them.

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5. Interview by James French (JF) with Steven Sack (SS)
At the Origin's Centre, University of the Witwatersrand, West Campus
On 6 September 2013, 9am

James French introduces the subject of the research to Steven Sack

JF: How do you see the Non-profit sector and how these organisations fit in?
SS: It's quite useful to understand government on a city and national level in relation to institutions that are supposedly there for the 'public good', be it education, health, housing and so on. They are part of constitutional rights and recognition of human rights and cannot be reduced to a market commodity, and as a result there needs to be a provision made from the fiscus, with the understanding from taxpayers, for these public good institutions.

Arts Culture and Heritage sits in the realm of public good. The Arts community have been drawn into the notion, and played the game, that the sector can somehow generate jobs, be self-sustaining and be net contributors to the fiscus. Paul Mashatile is pushing this aspect quite strongly. It is taken up this rather simplistic way and applied to the sector, but museums, libraries, heritage and arts and culture are not sustainable industries in South Africa. The UNCTAD report only refers to crafts and curio. (The UNCTAD report since 2008 have been researching cultural industries, collecting data and putting out reports.)
South African government institutions are driven by compliance and governance drive, and compliance and governance are measured by annual audits. The instrument of auditing is not particularly useful to the arts as it is not measuring outputs, it is simply measuring compliance against regulations and rules, and performance against financial inputs that come into the organisations. Often you will find that they can't quantify the outputs or are unprepared to audit the outputs of the organisations. For example selling tickets to a theatre, it is hard for them to vett these aspects. Because they are compliance driven, they will give you just enough money to have a building and secure the collections, and then they can tick off a box in their list.

JF: So it's more of a mechanical compliance process without awareness of broader social impact?
SS: Yes, and the thing is I don't think there is a belief in South Africa that there is any value in going to museums. In hospitals its completely different. Patient care and your interface with the public is essential, but this is not how museums are treated and is not the focus of funding or resourcing them.

JF: Much like the VANSA/HSRC research gave alarmingly low levels of museum visitors in South Africa per year?
SS: Yes, you would think that this is part of the concern. If you make a service free, which is what they have done with State museums, then there is no incentive to analyse and grow that part and this contributes to the lack of sustainability.

JF: Are you saying that the audiences themselves don't value the museums because they don't have to pay for them?
SS: That partly, there is a big argument about that, but the UN charters have a very good argument for why you should make institutions and information free for all. Usually, what better endowed institutions can do, offering part of the exhibition for free, but require payment for special exhibitions.

Look at theatres. They have developed this idea of being receiving houses rather than producing houses. So they provide the facilities, but expect people to pay for their use. This puts all the risk on the artists and producers, whereas a sensible market environment would see the theatres share the risks with the producers. The shared risk represents a shared interest between the parties involved. That then talks to sustainability. You have to do more as a museum to realise the projects that bring the people into the institution. If you have a very mechanistic institutional model which counts the number of people, but doesn't impact the finances, you will be spending money for those people.

Sci Bono, for example, busses hundreds and hundreds of school children in all the time, paid for by the department of education. There is an obvious benefit to the kids who get exposed to science and science education, but there is an enormous amount of damage to the institution. For example, the kids are often poorly managed and have been known to vandalise the toilets. When you have the number of kids coming through the drain on the property and added staffing costs creates a great deal of pressure for the intuition.

Hundreds of people coming through your space, even if they are paying, are an enormous drain on organisations. Some museums have fortunate restrictions. Tenement House in New York is made up of houses, and so there are restrictions on the number of people who can

visit, and Robben Island, which is a world heritage site, has clear limits to the number of visitors. Even if they had a million people who wanted to visit, they are not allowed to have that many. So they have very clear limits and restrictions to conserve their spaces. If you are running a print studio…

So you have to introduce the notion of market failure. The French pushed the idea of cultural exemption. In the first decade of this century the French were very strong that you cannot have open markets in terms of culture. There were conversations about free trade, but they did not want English literature or American film to completely dominate their markets. The argument for South African artists is that they are not necessarily able to compete with the first world cultural industries and therefore we should have a right to subsidise our artists, film industry or education materials in order to sustain our language and culture. There are practices and traditions in South Africa that need to be preserved.

Bill Ainslie's Art Foundation brought in American paint and techniques. Many people were uncomfortable with this, as they wanted to draw on local traditions. It's probably easier to buy paint from America than to create work with wood and fire in the traditional African sense. The measure of Sustainability needs to be the extent to which they build knowledge that is distinctive and unique to their environment. Sculptor's often create works that are made from materials from works that are easily accessible.

JF: Sustainability in the context of this research focuses on financial sustainability, for the NPOs to be able to continue running their projects, how to keep their money coming in. This is the impression that has come from government and grantmakers, but do you agree with this?
SS: When funders say sustainability they are offering you money in return for support with which they will be associated. They usually only offer the support for a limited period of time. If your organisation suddenly collapse because they withdraw their funding it will impact negatively on them. It can be bad press and bad media for them as they could be seen as responsible for the organisation's demise.

A recent example was Anglo American exiting as sponsor of the BASA awards, but BASA immediately announced Hollard as their new sponsor. Anglo might have been saying 'you've got to make this thing sustainable' but all they meant is that BASA needed to get a new investor.

For the arts organisation it is valuable to create a sustainability curve, to start benchmarking themselves against other organisations in the sector in South Africa, Africa and abroad. We do this by measuring the percentage of our total revenue from services, research and other incomes against our support. The Origins Centre presently earns approximately 30% of its own money. Compared to other museums, for example, the Iziko museums, they generated less than 10%.

In the local visual arts environment sustainability is about understanding that we are involved in producing content, intellectual property and cultural products that, if we were to sell into the market at a self sustaining value, the whole project would collapse. It can be worked out very simply. Cost of sales, recuperation from sales, and the number of services you offer free of charge. If the sustainability model says you have to cover all your costs, rental from each studio would be R10 000 and you would need to take more than 50% commission on artists. This is not viable. There are two sustainability models. The first is that most institutions that are sustainable is because they have endowments. This is an easy calculation, in which you would need to analyse your monthly costs and see how much in an endowment you would need that would substantial enough to generate interest to cover your costs. This is how most foundations run.

The second model is that you run off your own resources. In Havana, Cuba, a man set up an auction house. His salary is subsidised by the artists. He is effectively their agent and the

artists cover his costs and salary. So, for example, the Bag Factory could insist that the artists cover the costs of the manager and the facilities. By constructing scenarios such as the endowment scenario, a 70/30 scenario and a 60/40 scenario.

If we, in Joburg could grow our audience numbers, we could shift our ratio to 60/40. Joburg Theatre's best experience was a 50/50 ratio between earned incomes and grant support.

JF: Artist Proof Studio claims they have a 50/50 ratio between funding and sales from the pro-studio.
SS: It is possible, but ask them how much of that is William Kentridge. If you look the EMI group they rode on the back of the Beatle's white album. Goodman Gallery, I have no doubt, that Kentridge and a couple of other artists carry the gallery. Auction fundraisers have made the bulk of their funds from Kentridge. No doubt Gaudi and Miro are major income generators for Barcelona.

As a visual arts manager you could, without the artists knowledge, analyse which artist is the biggest draw card. The Bag Factory's hands are tied as it is an artist run studios.

JF: A part of my research is a brief consideration of the Johannesburg Art Foundation. When the JAF closed you were quoted in an article as saying that the JAF's closure was linked to the death of Bill Anslie who was the charismatic leader and figurehead of the project. I'd like to get your perspective from that period.
SS: This comment relates to Gaudi and Miro being Barcelona. The Market Theatre was Barney Simon and Mannie Manim. Johannesburg Art Foundation was Bill Ainslie. So these individuals were community leaders that made things happen. They did this in quite a mysterious way. The practical institutional problems always happen, but these leaders were able to make sure these were covered. They would have nothing to do with the state and so only had private and international funds to draw on.

The Market Theatre was only sustained after the death of Simon and Manim because Roger Jardine, who was Director General of the Department of Arts, Culture, Science and Technology, went out to bat for the Market Theatre. He made it into a national cultural institution, and if he hadn't the Market Theatre very possibly would no longer exist. In those days, had we had a person who didn't care about Arts and Culture things would be very different today.

Important individuals can make things happen, who catalyse things. Apart from Jardine the Market Theatre had John Khani and had positioned itself as an important global institution. But others have failed. FUBA academy and Funda failed. The Kagiso Trust died. Had there been a particularly powerful individual who had fought for them they may still be flourishing. The Bag Factory had to fight for survival.
During Apartheid international funders, the Swedes, the Germans, the Dutch, couldn't fund the government, so they channelled a significant amount of money to independent institutions like the Art Foundation and the Market Theatre. In '94 the new government demanded that this money should be channelled through government and the funding gradually dried up. It may be that they saw international support directly to NPOs as a form of interference. For example, why should international funders bring money to the country without consultation with the ministry? There was a process of doors shutting. The corporates who used to support arts and culture were now required to share the fundamental needs of the country: health, education, and so on.

Anglo pulled out of BASA because of pressure from their Unions and they don't want to be seen as supporting 'indulgences'.

When I was with the Art Foundation it survived by charging higher rates to middle class students in order to subsidise students who couldn't afford fees. A concerning point in the history of the Art Foundation was when it was being run by the board, which indicates

unsatisfactory management. If the management hasn't got the skills to deal with the internal day to day operations and the board has to intervene this is a bad thing.

JF: In discussion with people who were involved they said there was a lack of separation between the foundation and the Ainslie family.
SS: The Art Foundation was set up as a house with a home for the director and space for the classes, and it made perfect sense. It wasn't meant to be an institution. They were offering shelter for black artists, and therefore illegal artists. I was asked by Bill to run the foundation because Bill wanted to spend more time on his art. My understanding was that, once I took over, Fieka Ainslie would step back. This proved difficult as there were never resources for this to happen. There was a belief that Fieka had put a great deal of her own resources into the foundation. But for a lot of people, I simply wasn't Bill Ainslie. There was no definition of Bill's vision and ambition, and no formal structure. They also never had curricula nor resources. Some artists arrived at classes drunk, and any attempts of discipline would be lobbied through the board. I tried to do some things and was completely undermined. I may not have been the person to take it over, but there wasn't anyone else around. The person appointed after me was extremely weak and they ended up having to close.

There was also a sudden proliferation of design schools. The Art Foundation made money from its design department and that cross-subsidised the fine art programme. Bill planted the seeds of further problems by setting up other NPOs like FUBA, Funda, the Alex Art Centre and the Bag Factory. It may have been better to create one powerhouse organisation. Bill understood young people in Alex needed this facility, but had they done the analysis they would have found a lack of resources to support these centres.

JF: With the number of schools opening, had the Art Foundation ceased to be relevant?
SS: The bulk of Art Foundation students couldn't access university, and many didn't want to get caught up in academia. Funda was set up to get students to university level, but in 10 years only one student actually graduated from UNISA with a degree. The foundation also provided education and evening classes to white students who just wanted to do art.
Even today students at the Artist Proof Studio or Imbali Visual Literacy rarely have the education or financial capacity to go to university. Ricky Burnett now has a flourishing art school that draws on predominantly white middle class people. To say the Art Foundation ceased to be relevant is crazy.

JF: Do you feel that the Art Foundation supporting other NPOs was a problem? In the case of the Bag Factory helping Assemblage grow.
SS: Johannesburg is free market driven. Lots of people have ideas and ambitions and are able to go out and do things. This is very different to the early '90s. There are a lot of people from middle class environments who start small design, craft, visual arts project and this is very clear in Cape Town. It can only be sustained because these people have resources. Estate Agents use galleries in New York as calling cards. Arts on Main is actually a real-estate project. If successful artists will eventually be squeezed out.

Joburg in August, September and October with all the events and initiatives, Joburg day, Joburg Festival, Arts Alive, Gauteng Carnival seem all to have limited impact. Compare these to the Rio Carnival which is globally known. We cannot impact globally because we are so fragmented. Why do we have the Market Theatre and Windybrow Theatre who both do the same thing within 4km of each other? The cluster of galleries near Goodman is probably a good thing. The proliferation of organisations is not necessarily a problem, but if all those spaces are going to the same funders there will be problems.

Newtown never worked. The footprint of government land is too large and heritage blocked viable investment for 5 or 6 years. Museum Africa is atrociously under resourced for it's enormous footprint. Anglo-Ashanti barely supports the local economy and have fenced themselves in. Accessibility and crime.

JF: From my experience, near Newtown there are thousands of people in corporate buildings who are afraid to put their feet on the pavement.
SS: This is a problem with Johannesburg. The Origin Centre has a problem that nobody from outside the university uses the restaurant.

People who run these organisations often have social support, a wealthy partner, family or others. That situation in a free market situation there are contradictions. An artists collective is a socialist concept. These people say to them 'are you crazy? Why are you doing this? Why don't you get a real job'.

I was on the board of many organisations at my own expense, but I was supported by Ruth who was working and by my parents. I came from a moderately privileged environment. I could choose to do this work. Eventually we start depleting our personal energy or actual financial resources, and feel a lack of appreciation.

JF: Do you think this is a typical experience?
SS: Commercial gallerists focus on making money. Non-profit workers have a vocation when their life and work can get completely integrated. People committed to these projects take it on as a calling. It's their life.

In closing regarding the sustainability issue, if someone could introduce a template of a sustainability model and the costs and benefits, and the disadvantages would be very valuable. Businesses have a live or die model, and have applied this to public good organisations and this doesn't work. We need to say 'no', that life is more than the nuts and bolts, but is about stories and creativity.

6. Interview by James French (JF) with Sara Hallatt (SH), Director of the Bag Factory Artists' Studios
Dahlea's Restaurant in Braamfontein on 27 August 2013, 13:30

James French introduces the research to Sara Hallatt.

SH: When Apartheid was coming to an end, a lot of NGO's were able to access international funding for the rehabilitation of the country. 25 years later we no longer have apartheid to blame for our developmental needs. After the 2008 global financial crisis international funds started to dry up. We have developed very little philanthropic activity of our own to speak of, and in South Africa, where there are so many needs, the visual arts industry is a very small component of national funding. As South Africa has been funded in the same model for 25 years, and has stagnated, and after 20 years of democracy, why should they fund us anymore. It is no surprise Funders' money has moved to the Middle East where it is more exciting and the perceived need is greater.

Our industry is not particularly forward looking. There is not enough planning or research in our sector. I was horrified, alongside many others, at the statistics in the VANSA report explaining the minute number of people who attend museums and art events a year. Arts organisations are very reactive, rarely planning, rarely looking forward enough.'

Non-profits usually have small staff, that are probably underpaid and often not the best quality staff, trying to run large projects. This means that constant evaluation and planning is almost impossible because there simply is not enough time.'

Then you have inefficient boards, who on a strategic level, should be guiding and pushing the staff. They should be saying "what's your plan, when are we meeting, what's going on?" and pushing from the top. In the majority of NPOs we just report what has already happened them. They are not driving any future plans, which is crazy. After a board meeting I feel exhausted, because we have done so much work, and we are not getting to a point where

things are improving. It is rare for the management nor the boards to have the capacity to keep their NPO forward looking.'

JF: Tell me about the Bag Factory's reputation.
SH: The Bag Factory has a great reputation, has run good projects over the past two decades, and has had numerous great artists come through its doors.

JF: Do you feel the Bag Factory is still relevant?
SH: I think some of our projects really need to be reinvestigated. I was discussing our residency programme with [founder member] David Koloane in light of the numerous residencies that exist now in Johannesburg. Everyone has a residency, Assemblage, Maboneng, the Hotel, Nirox… When we started we were one of a kind in South Africa. Since then there has been a world trend towards residencies. The question is that, without a philosophical context, how relevant or valuable are they? If it's just a random trade between an artist and a landlord – a room for an artwork – is a limiting option. David feels that other residencies will diminish as the 'fad' for residencies wears out. A room is great for an artists' holiday, and networking, but it doesn't affect the artists practice, and that is where our residency philosophy is strong. So while residencies are popular, they are less likely to be relevant. The Bag Factory makes a longer term commitment, and a stronger relationship through the 'learning by exchange' process. This doesn't necessarily happen elsewhere. So I feel residencies are still very relevant.

I am struggling with the Outreach concept. It is too loose and lacks definable impacts or measurable goals. Outreach means nothing; it's too broad, too foggy. If it is a workshop call it a workshop. For me it is more worthwhile to do audience development in communities where, for example, we can teach kids to draw while encouraging them to get involved in the arts. In the USA they call it public programming, in which projects are linked together to maximise the impact of each project. In public programming they target adults and kids separately. Trying to reduce the stress adults feel about galleries. Galleries can't expect to be elitist and attract the general public. The audience development programme reduces this intimidating situation. The audience also brings energy into the space and which is vital to the sustainability of the organisation because the community and the creative energy is what brings people to the space. You can also make audience development projects happen on small budgets. Audience development also creates media and the media in turn increase our audience.

JF: What about the Art Fairs and the fundraisers? Have they contributed to your sustainability?
SH: Not substantially. The Art Fairs and fundraisers can only contribute solidly to our sustainability if we did one every month.

JF: How do you understand sustainability as a term?
SH: There are three or four elements to sustainability. The obvious one is financial sustainability, which for NPOs is difficult. We would either have to develop programmes that cover all our costs, or to have an endowment that provides us with interest that we can live on, or to have infrastructure that we can rent out. The majority of NPOs don't have these.

Then you have capability and capacity. Do you have the right people and the right staff? If you don't have the right people you cannot maintain your programmes. You need good management and a good team of people who work hard and are dedicated to the organisations mission, who don't mess around, don't steal and run projects appropriately.

Then there are physical assets. Artist Proof has the presses. Without the building which has been donated to the Bag Factory, we cannot survive without a philanthropic donation of space.

The difference between sustainability and survival is that survival is reactive, while sustainability is proactive. You need to keep one step ahead.

The concept of sustainability irritates me. Government uses it as a stick to beat us with, and with our particular challenges at the moment they are not helping us.

We are very lucky at the Bag Factory. We have the skills to handle funds with auditors and accountability, so we haven't got a problem. The lack of skills and capacity in the sector is a major problem.

There is no legacy planning in our sector. It haemorrhages skills every time someone skilled leaves. People often leave just because the NPO salaries are low. The idea of training in the NPO sector is very ad-hoc. A 3 hour session with BASA is not enough. They should be sitting down with people to train them thoroughly.

A lot of us, including the Bag Factory, don't really get what sustainability is. We don't have the time to plan or to consider sustainability.

JF: How would you consider the Bag Factory's current position in terms of sustainability?
SH: Sara Hallatt gives thumbs down motion: 'Thumbs Down – way, way down. This has been caused by the lack of planning, but there is definitely a flaw in our NPO sector at the moment. This is the hardest time in 10 years to raise funds in the NPO sector and this is made harder by being in the visual arts. I think the National Lottery has done us an enormous disservice for paying us so late, a problem which is screwed us. The National Arts Council left us indecisive, offering 10% of the requested R1 Million. The CSI structure in South Africa has pigeonholed big corporates into a position. Most companies push their CSI grants, which aren't philanthropic back into training future employees, and just shovel their resources back into their businesses. This a problem at the level of government legislation.

If the Bag Factory could own its building it becomes an asset we can rent out and take loans on for development. We need to find a way to cover staff costs, to remove the panic about programme costs.

The panic and the stress in non-profit work is not helpful. It's exhausting no knowing whether you are going to be paid at the end of the month, or knowing you are not going to be paid at the end of the month. Not paying yourself so other staff can be covered. It will be a bad day if we cannot afford any of our present staff, or the other things that are needed to keep the organisation afloat. Getting money for salaries is difficult. I think that people think that projects can be run by themselves, SHOULD be run by themselves. Take the people out of these organisations and what do you have left?

It is terrible to feel guilty about your own salary while you are still under pressure to work harder for limited remuneration. I think it's a kind of torture. It is very hard to keep ones morale up. I read about 'the progress principle' that is about how people feel about their work. One of the things it talks about is the ability to make progress. In an organisation like ours, which has sent out over 100 proposals without success, we make no progress. Our staff are super-committed to what they do, but without progress, for a business that none of us own. It's not like we started it and are prepared to work endlessly for it.

If an organisation cannot pay its staff, the staff it gets will be bad because they are cheap. NPOs feel embarrassed about staff payments, but they shouldn't.

JF: Reliability?
SH: We are very reliable. We are registered and tied up with CIPC, DSD, SARS, and the others, but it takes forever to get their responses.

JF: How much time do you spend on your organisation's compliance?

SH: It's about endless phone calls and emails. When you continue to make no progress you get very bored. It also requires a lot of skill. It's fine for me with English as my home language, but what about NPO workers in deep Kwazulu Natal.

JF: So you spent money and time on consultants and auditors. Can you give me an estimated number?
SH: I expect I spend 30% of my time running around sorting out administrative governance issues. So that's CIPC, banks, auditors, bookkeeping. It's 30% of the time that I could be spending planning and implementing sustainable projects or other priorities. In other words, the governance issues are expensive. This takes so long because the government departments impacting on our efforts are inefficient and they themselves lack capacity.

Reliability comes back to capacity. You have to be able to keep your ducks in a row to keep yourself sustainable.

JF: The Bag Factory has taken great efforts to be compliant. Have the funders returned the favour and been reliable to the Bag Factory?

SH: I would say not. I would say they make their life very complicated. With the National Lottery delaying and delaying, with CIPC and DSD losing our documents and delaying, with people constantly having queries, but never asking, that is not reliable. The overall environment on a national level is touch and go. We now have to commence on a rates battle with the City of Johannesburg, and we can expect to wait in queues for years with no results.

7. Interview by James French (JF) with with Dorothee Kruitzveldt (DK) and Mphapho Rangoato Hlasane (Ra) at the Drill Hall in Johannesburg on 17 January 2012 regarding the Jobert Park Project, Keleketla and the Drill Hall, Johannesburg.

JF introduces the Research.

JF: How do you broadly understand the term sustainability?

Ra: Well, I think first that it is about your organisation's finances because this is what makes sense to operations, project related costs and just making sure that the work being done is being done. Of course, strategically or thinking both on the long and short term, sustainability is also about the relevance of what you are doing and how your community is responding.

If a project is initiated, it needs to make sense to people and be relevant so they can pick it up and continue with it. Ideas themselves can become sustainable. If there is poor financial support, but there is enough excitement, another element of sustainability can come into play.

DK: What was interesting was when we met about Keleketla I remember that Ra's plan was a very long list of things he wanted to do from programming to events, to educational and projects. Sustainability came up with regards to Keleketla's uniqueness and context. We agreed not to do everything, but conceptualized the narrative of Keleketla to come out of the context the people involved and of the Drill Hall and the extremely problematic environment of Joubert Park. It tells a different story.

Sustainability is quite an abstract term, a catch phrase. I guess it would be for a body who assesses fundraising proposals to consider whether the project will have a long life. From a funders perspective it is the ability of a project to survive beyond the funders involvement, generate income, be able to afford the rent, be able to fundraise further. It can also link to what the organisations relevance and value is. Beyond the money funders provide the

project should prove it can continue. From the organisations perspective it relates to its space, its relevance and what has value. I think sustainability implies other things. Job creation is fine, but the sustainability of a concept is as important as the sustainability of a project.

Joubert Park Project were far too ambitious for what we wanted. As an organisational structure we struggled to maintain this project.

JF: Joseph mentioned to me that, for a variety of reasons, the Joubert Park Project was closing down?

DK: Our last successful project was Urban Scenographies, which was very successful, which in terms of our public art projects and the impact, it really worked. After that it was really the idea to close it down. The legacy continues. One of the projects was the residency programme set up by Ra and there was the building of the library.

JF: Ra, when did you officially start Keleketla
Ra: In February 2008 with the launch of the residency.

JF: Is there a link or flow between the closing of JPP and the launch of Keleketla.
DK: There was a flow of people who moved from one to the other, but Keleketla is a very different initiative. JPP focused on public multi-art events, and was driven by the people who were involved. As people drifted away and it was just Joseph and I we decided to quieten down.

We suddenly, after three years of waiting, we were granted money from the National Lottery for a project around the treason trial which we could run. We still had very capable and motivated people to run the project. It only really exists as an administrative structure.

JF: In the past decade there have been increasing demands for sustainability. Have you experienced this?
DK: Not really, One runs into it more when applying for funding proposals.
Ra: The present Lottery project has an element of this.

JF: Have you been given any directions towards sustainability.
DK: The NAC company grant helped the JPP be more sustainable and the space helped us sustain ourselves. If we had been more clever and found a way of turning around the projects and getting other funders, and generating incomes, things may be different. However, things moved quite organically into Keleketla.

In the end it comes down to your business plan, and how you will get the basic income to keep running. It is important to have an entrepreneurial spirit, to be open to opportunities. However it is also important to acknowledge whether the project needs to be sustainable. It would be great if one could come up with a set of guidelines on being more sustainable.

JF: Have you recently found situations that have undermined your sustainability:
Ra: I think for both organisations the greatest threat to our sustainability is also the greatest opportunity, and that is the site. We have constant difficulties with the City, but the building is a strength as is our relationship with the communities around us. The City has left us feeling like giving up.

JF: Joseph mentioned difficulties with electricity.
DK: I think the most sabotaging problem has been non-delivery from the City of Johannesburg. Over years the Jhb Property Company has not provided a lease nor any way to manage the site and pay the bills. It has been a drawn out and absolutely inefficient process. The site should be able to begin to support our sustainability. As a public heritage site it seems to fall into a blind spot for the JDA, JPC and City Authorities can clearly define

their responsibilities. Drill hall is a registered public heritage site. The running of the site has been neglected and never been responded to. The Drill Hall, unlike constitution hill, is less prominent.

There was no formal opportunity or structure for us to work in. There was one electricity meter for a number of organisations running in the space, and none have their own meters. It's as if they expected one of the organisations to arrange for payment for all the organisations on the space.

We have received little or no response from state based institutions that should have been involved in supporting the space.

JF: I see a lost opportunity on the part of the City and the State in this space.

Ra: The site offers great opportunities. In December 2011 alone we managed to get about R25 000 from a 3 day commercial shoot. We could properly promote the space to encourage similar business, as well as music events. People who are sick of arts on main would be able to come here.
Commercial companies have supported us, and with the right resources the space could be properly promoted. People who are sick of Arts on Main can come here. There are studios and artists don't have much money to pay for studios.

DK: The JDA did actually make quite an effort on our behalf, but they are one agency of the larger City and the JPC is another. They don't seem to communicate well amongst each other, and there seems to be a lot of inefficiency.

JF: Moving on, has Keleketla! any projects that are presently contributing to its sustainability?
Ra: We don't really have any projects that are generating income at the moment.